



Background note and agenda for Roundtable 2

Deliverable 3.3 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 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.



**THE ROLE OF THE FINANCIAL INSTITUTIONS FOR THE
GREEN ENERGY TRANSITION: DO NATIONAL POLICIES
PROMOTE NEW BUSINESS OPPORTUNITIES OR
IMPEDE MARKET DEVELOPMENTS?**

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

**29 November 2021, 09:00 – 13:00
Velingrad, “Infinity” hotel and online**

BACKGROUND NOTE AND AGENDA

VISION

The BeSMART roundtable on 5th October 2021 (proceedings to be found [here](#)) once again confirmed the urgent need to develop suitable instruments to attract private financing for active realisation of energy efficiency and renewable sources' projects. While the key point of interest was the transition from the 100% grant mechanism, which is effectively blocking the involvement of any financing institutions on the residential renovation market, similar situation is observed in many other sectors, where, on the one hand, the expectation for renewed public financing is preventing the immediate and timely realisation of bankable projects, and on the other, the financing institutions are reluctant to invest in specialised products due to the lack of transparency and predictability of the state support programmes.

On the contrary, such specialized products appear in sectors that are not over-dependent on public financing, as for example new residential buildings or industrial projects related to renewable energy installations. Many of these initiatives are driven by the corporate policies of the international financial groups, but some of them are clearly initiated by local market developments and increased investment demand. Additionally, there are several products related to utilisation of available public resources, which, although with various success, also serve as instruments for market development and overcoming existing barriers.

In light of the preparation of the new Operational Programmes and the finalisation of the national Recovery and Resilience Plan, the forum will investigate the connection between the design of the support programmes and the involvement of the private financing institutions. Given the fact that the event is scheduled soon after the Parliamentary elections (third in a row for 2021, but with potential to finally form a new government), it has the potential to send a clear message to the policy makers for the need to take immediate steps to provide appropriate conditions for attracting of private financing to fuel the sustainable energy transition, also paving the way for positive long-term economic effects and sustainable recovery from the COVID crisis. To this aim, it will target extensive representation of the financial and the professional sector, which are in position to send clear messages for the future policy developments in the absence of stable government.

Within the roundtable, two complementary parallel sessions are planned, with the goal to analyze the performance of the existing financing instruments and to identify additional instruments which could provide adequate quality assurance for the energy efficiency and RES projects and thus enhance the trust of the financing institutions and lower the perceived risk. In the end of the session, the conclusions of the two sessions are expected to fit together in a common vision for the applicable financial instruments and supporting toolsets, which have to be further supported at state level and promoted to the potential market segments, with main focus on building renovation and renewable energy installations.

The roundtable will exploit the synergies with the annual gathering of the Bulgarian energy agencies, which will start immediately after, and will fully use the potential of project partners and supporters with relevant expertise as Sustainable Energy Development Agency, NTEF, Econoler Bulgaria, Alliance for Energy Efficiency, Energy Efficiency and Renewable Sources Fund, EnEffect, Bulgarian Industrial Association, Bulgarian Construction Chamber. Their commitment will be complemented by actively engaging the financial sector the key actor in the expected reforms.

OBJECTIVES OF THE FORUM:

- To present the current trends in energy efficiency and renewable sources financing in light of the political situation and the expectation towards the new budgetary framework
- To analyse the successful practices and existing barriers concerning commercial financing for energy efficiency and renewable sources projects
- To suggest mechanisms and develop recommendations for integration of the needs and expectation of the financial institutions in the policy support programmes for the next period
- To identify applicable tools to guarantee the results and reduce the risk for the financing institutions and suggest pathways for their further development and market integration

FORMAT:

- Opening plenary session (75 min.) with the participation of keynote speakers from the financial sector, in a physical presence format with up to 30 invited participants and broadcasted online
- Two parallel thematic sessions (90 min.) with 3 introductory lectures (ca. 10 min. each) and open discussion (ca. 60 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 (60 min.) with presentation of the results of the thematic sessions and open 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:

- Recent developments on the energy efficiency and renewable sources financing market in Bulgaria
- Successful practices and barriers in the implementation of specialized financial products
- The role of the quality assurance mechanism to reduce the financial risk for the banking institutions
- The potential of the national support programmes to strengthen the involvement of the financial sector

PARTICIPANTS:

- Financing institutions
- ESCOs
- Energy consultants and agencies
- Energy suppliers / energy service providers
- Representatives of state agencies
- Local authorities
- Branch chambers, industrial, commercial and professional associations and unions
- Providers of professional services in the construction sector
- Universities and research centers
- NGOs, energy agencies, local government networks

PROVISIONAL AGENDA

29th November 2021

Velingrad, “Infinity” Hotel

Registration: <https://forms.gle/65HuJTGXHXWMhL1jZ>

November 29 th	BESMART NATIONAL ROUNDTABLE
09:00 - 10:15	DEVELOPMENT OF THE ENERGY EFFICIENCY FINANCING MARKET IN BULGARIA
09:00 - 09:10	OPENING OF THE CONFERENCE. CONCLUSIONS FROM THE PREVIOUS ROUNDTABLE <i>Dragomir Tzanev, EnEffect</i>
09:10 - 09:25	THE ROLE OF THE FINANCIAL SECTOR TO DRIVE INVESTMENTS IN CLEAR ENERGY TRANSITION <i>Sofia Kasidova, Bulgarian Development Bank</i>
09:25 - 09:40	BEST PRACTICES FOR BLENDED FINANCING FROM THE BULGARIAN URBAN INVESTMENT AND ADVISORY PLATFORM <i>Nadya Dankinova, FLAG Fund</i>
09:40 – 09:50	OPPORTUNITIES FOR FINANCING OF ENERGY EFFICIENCY PROJECTS <i>Galya Vassileva, Bulgarian Energy Efficiency and Renewable Sources Fund</i>
09:40 - 10:10	Q&A AND DISCUSSION SESSION
10:10 - 10:30	<i>C o f f e e b r e a k</i>

November 29 th	Parallel session 1: Existing financial instruments in support of energy efficiency and RES
10:30 - 12:00	<u>Set-the-scene presentations (10 minutes each – all to be invited)</u> <ul style="list-style-type: none"> ➤ Yulian Vlahov, Lyudmil Tsokov, UniCredit Bulbank: Preferential mortgages for class A buildings and leasing schemes for e-mobility ➤ Kiril Velichkov, UBB: Products for small-scale renewables and renovation of single-family buildings ➤ Konstantin Kirov, ProCredit Bank: “Green Credits” programmes for SMEs <u>Open discussion (ca. 1 hour)</u> <ul style="list-style-type: none"> ➤ How the financial sector evaluates the impact of the national policies on the clean energy investments? ➤ Are there clear expectations regarding the public support programmes for the next planning period?

- What are the sectors and segments that need public support and under what form?

Participants:

BIA, Econoler, AEE, BCC, EnEffect, Fund of Funds, EERSF, financing institutions, BACC, BGFMA, NGOs, managers of homeowners' associations, energy service providers, etc.

November 29 th	Parallel session 2: Quality assurance for energy efficiency project financing
10:30 - 12:00	<p><u>Set-the-scene presentations (10 minutes each):</u></p> <ul style="list-style-type: none"> ➤ Energy performance certificates: pathways for improvements (Ivaylo Alexiev, SEDA) ➤ International schemes for ecological and energy certification. The Green Mortgage scheme in Bulgaria (Kamen Simeonov, EnEffect) ➤ Financial analysis of energy efficiency and renewable energy projects (Marko Markov, Econoler) <p><u>Open discussion (ca. 1 hour)</u></p> <ul style="list-style-type: none"> ➤ What are the targeted improvements of the building certification? ➤ How to increase the quality and trustworthiness of the certification schemes? ➤ What type of technical information is needed by the financial sector? <p><u>Participants:</u></p> <p>AEE, NTEF, AEE, EcoEnergy, Sofia Municipality, Gabrovo Municipality, BAIC, Fund of Funds, EERSF, FLAG Fund, ESCOs, financing institutions, municipalities, NGOs, etc.</p>
12:00 - 13:00	CLOSING SESSION: LESSONS LEARNED AND UPCOMING ACTIVITIES
12:00 - 12:20	<p>PRESENTATION OF THE CONCLUSIONS OF THE PARALLEL SESSIONS</p> <p><i>Moderators of the two sessions</i></p>
12:20 - 13:00	<p>EXPECTATION FROM THE NEW POLICY SUPPORT PROGRAMMES TO INVOLVE THE BANKING SECTOR IN THE GREEN ENERGY TRANSITION</p> <p><i>Open discussion with the participation of representatives of financing institutions, ESCOs, public authorities, professional and industry associations, municipalities and energy experts</i></p>
13:00	<i>End of the event</i>

1st THEMATIC PARALLEL SESSION:

Existing financial instruments in support of energy efficiency and RES

The first parallel session will concentrate on the policies of the commercial banks in Bulgaria in the area of energy efficiency and renewable energy sources, as well as on their existing financing products and practices. The session will include three set-the-scene presentations, involving the three of the most recognizable banks in the area of “green” financing – UniCredit Bulbank, United Bulgarian Bank (part of KBC group), and ProCredit Bank. Lyudmil Tsokov from UniCredit Bulbank will focus on the preferential mortgages for Class A buildings, marking the first appearance of a Green Mortgage scheme on the Bulgarian market, and on newly developed leasing schemes for e-mobility. Kiril Velichkov from UBB will discuss the general bank policy and the products targeted to small-scale renewables and renovation of single-family buildings, based on the bank’s involvement in the dedicated credit line supported by the “Regions in Growth” Operational Programme. Konstantin Kirov from ProCredit Bank will base his presentation on the “Green Credits” programmes for SMEs, as well as on the experience of the bank with financing in the sector of commercial buildings, industrial enterprises, and photovoltaic powerplants.

The open discussion (ca. 1 hour) will be based on three main questions, with the goal to channel comments and analyze the impact of the national support policies on market development. The questions will be developed around the following topics:

- How the financial sector evaluates the impact of the national policies on the clean energy investments?
- Are there clear expectations regarding the public support programmes for the next planning period?
- What are the sectors and segments that need public support and under what form?

2nd THEMATIC PARALLEL SESSION:

Quality assurance for energy efficiency project financing

This session will focus on the methods for ensuring quality of the energy efficiency projects and achievement of the design energy performance characteristics, respectively avoidance of performance gaps. Within the discussions, different point of views will be presented, including those of the public authorities, the plasticizing energy auditors, and the financing institutions, based on the analysis of existing certification schemes. Again, three presentations will set the scene, featuring Ivaylo Alexiev, executive director of the Sustainable Energy Development Agency, presenting the features and pathways for development of the Bulgarian energy performance certificate; Kamen Simeonov, chief engineer in EnEffect, discussing the application of the Green Mortgage scheme from the point of view of the certifying authority, and Marko Markov from Econoler Bulgaria, who will explain the requirements of the financing institutions regarding the technical analysis of the investment projects.

The presentations will be followed by a discussion covering the following issues:

- What are the targeted improvements of the building certification?
- How to increase the quality and trustworthiness of the certification schemes?
- What type of technical information is needed by the financial sector?

PANEL DISCUSSION AND CONCLUSIONS

The roundtable will be concluded with presentations on the outcomes of the two parallel sessions by Kiril Raytchev from Econoler and Alexander Stankov from EnEffect, who will reflect on the connection between the policies and future prospects for development of dedicated financing products by the banks, and the need to ensure achievement of the expected results, which is considered as extremely important for the client satisfaction and maintaining the interest of investors and end users. The issues raised would then be discussed among the on-site and online audience, among which there will be representatives of different financing institutions, business and professional associations, energy consultants, 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) Attitudes and perceptions of the financing institutions regarding the available technical services and quality of the certification schemes;
- 3) Technological sectors which need better coordination of the state policies and targeting of the public resources;
- 4) The role of public communication and technical support for the initiation and realisation of energy efficiency investment projects.

