



# Technical support for RES policy development and implementation – Simplification of permission and administrative procedures for RES installations (RES Simplify)



Bulgaria

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## Executive summary

This report covers three RES-E technologies that are currently emerging in Bulgaria: onshore wind, rooftop and ground-mounted PV.

Overall, for the most part, similar administrative and grid connection procedures apply to all types of installations that produce electricity from renewable energy sources. However, there are some simplified procedures in place for smaller renewable capacities.

The most significant barriers to the approval of renewable energy installations for electricity generation in Bulgaria arise in the grid connection phase. According to the stakeholders, the DSOs can sometimes refuse to connect the renewable energy installation to the electricity distribution grid. In addition, the DSO may request that the project developers pay for the entire upgrade or expansion of the grid infrastructure, contrary to the provisions of the Energy from Renewable Sources Act.

In the 'Administrative authorization' process, the key obstacle is a large amount of paperwork that has to be processed by the project developer before a renewable energy project can be implemented. Moreover, the municipalities and other competent authorities are not able to keep the deadlines.

Site selection for onshore wind and ground-mounted PV installations is a lengthy process because of the various ecological and agricultural restraints. However, there exist more restrictive requirements exist for onshore wind than for solar PV. Finding a suitable plot of land for onshore wind project can take up to two years. For solar PV, the site selection process usually takes no longer than one year.

Obtaining an electricity production license is a fairly straightforward procedure, although there are some concerns about its transparency on the side of the project developers.

A common barrier for onshore wind and solar PV, both rooftop and ground-mounted, in all process steps is the lack of simple dispute settlement procedures.

As of the beginning of December, there are no clear signs that Bulgaria has started implementing articles 15, 16 and 17 of the RED II into its national legislation.

Table 1 contains a traffic light assessment of the relevant process steps for the installation of onshore wind, rooftop and ground-mounted PV in Bulgaria.

Table 1: Traffic light assessment of the relevant process steps

Process step	Site selection	Electricity production license	Application preparation process	Administrative authorization	Grid connection permit	Corporate legal-fiscal	Other
Onshore wind	Minor barriers identified	Minor barriers identified	Not relevant for target country	Minor barriers identified	Moderate barriers identified	No barriers identified	Not relevant for target country
PV ground-mounted	Minor barriers identified	Minor barriers identified	Not relevant for target country	Minor barriers identified	Moderate barriers identified	No barriers identified	Not relevant for target country
PV rooftop	Minor barriers identified	Not relevant for target country	Not relevant for target country	Minor barriers identified	Moderate barriers identified	No barriers identified	Not relevant for target country

<span style="color: green;">■</span> No barriers identified	<span style="color: red;">■</span> Moderate barriers identified
<span style="color: yellow;">■</span> Minor barriers identified	<span style="color: gray;">■</span> Not relevant for target country
<span style="color: magenta;">■</span> Severe barriers identified	<span style="color: black;">■</span> No projects implemented

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## 1. National RES targets and relevant RES technologies

Bulgaria is one of the EU Member States that have achieved their binding national renewable energy targets for 2020. The Bulgarian 2020 target for renewable energy sources (RES) in the gross final energy consumption was set at 20%, and in 2018, the country's RES share had already reached 20.5%. Regarding the RES target for 2030, it should be noted that the Bulgarian government did not initially show a great level of ambition. In 2020, however, the government decided to increase the national target for 2030 for the share of energy from renewable sources in gross final energy consumption from the original 25% to 27.09%. According to the National Energy and Climate Plan (NECP), the share of renewables in the RES-E sector is expected to rise from 21.4% in 2020 to 30.3% in 2030 (NECP Bulgaria, 2020).

Figure 1 displays the annual deployment of PV and onshore wind between 2010 and 2019. Both technologies' deployment mainly took place until 2013, while in the past years onshore wind stopped completely and PV had only minor deployment.

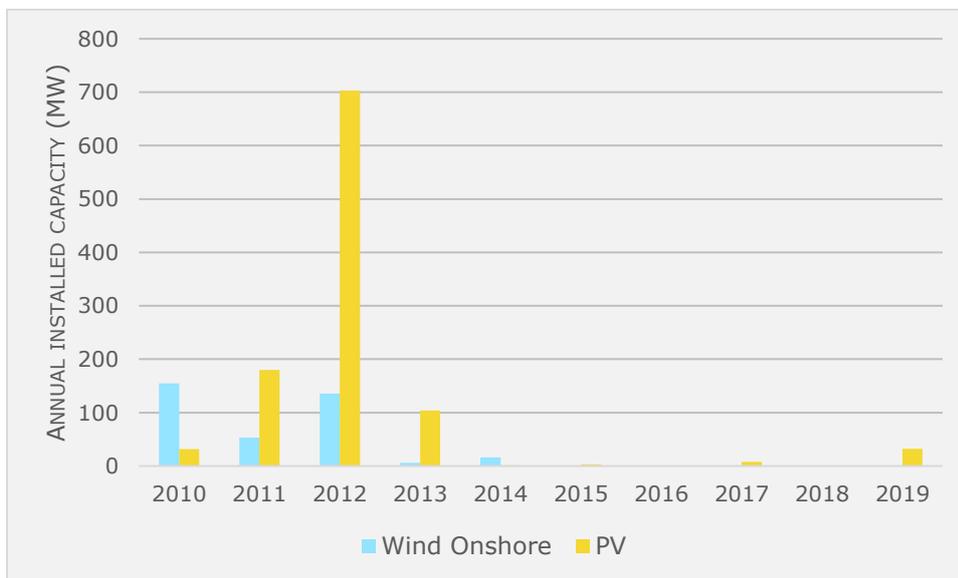


Figure 1: Annual installed capacity of PV and Wind onshore 2010-2019 (source: EurObserv'ER)

In the past, hydropower was the leading technology for generating renewable electricity in Bulgaria. Above 50% of all renewable electricity was produced using hydropower. But in the past 10 years this has changed. A notable increase in biomass and solar power production has been registered in the past 10 years. With regard to solar power, the main increase could be observed between 2010 and 2013. Onshore wind energy has also gained importance between 2010 and 2014. A higher deployment of biomass, onshore wind and solar power has been identified as the main reason behind the continuous growth of renewable energies in recent years, while the percentage of hydropower plants stagnated during this period (ibid.).

According to the NECP, in order to reach the 2030 target of 27.09% share of energy from renewable sources in gross final energy consumption, Bulgaria aims to expand its electricity generating capacity by putting a special emphasis on onshore wind and rooftop and ground-mounted PV. However, national stakeholders have criticized the Bulgarian government for not setting ambitious targets for the use of wind and solar power in particular. Additionally, the NECP explains that Bulgaria is underusing solar and wind

energy, especially considering that the two technologies may be less detrimental to the environment compared to biomass. With regard to biomass, the NECP mentions that its use is projected to continue expanding in all sectors, but there is no commitment on the side of the government to stimulate it (ibid.)

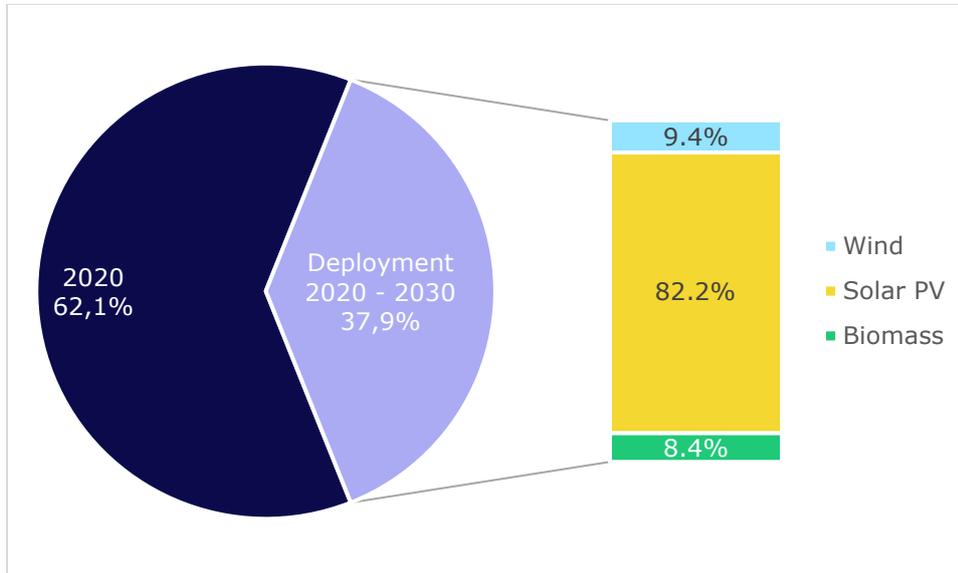


Figure 2: Planned deployment of RES-E 2020-2030 in relation to past deployment (source: NECP)

## 2. Administrative and grid connection procedure

### 2.1. Relevant process steps

The first step towards the realisation of a renewable energy project is choosing a suitable location, including renting or buying the land on which the installation will be constructed. In the case of renting, the project developer needs to receive an explicit permission from the land owner to build the installation on his property. This step also includes concluding preliminary assessments in order to find out whether the site is appropriate for the intended installation (e.g., whether the wind conditions are sufficient for a wind farm or whether the solar radiation is optimal for a solar PV system). The Environmental Impact Assessment (EIA) must be completed before the building permit is issued.

The spatial planning work is carried out in the 'Administrative authorization' process step, in which the building permit is also obtained. This process step can take longer as a number of documents need to be issued by the municipalities. The waiting time varies depending on the municipality in whose territory the project is being implemented

In Bulgaria, the 'Grid connection permit' stage and the 'Administrative authorization' stage are interconnected. In order to receive a building permit, the project developer must first submit a request to the distribution system operator (DSO) to examine conditions for the grid connection and then sign a preliminary contract for the connection to the grid with the local electricity grid operator. The preliminary grid connection contract is also prerequisite for applying for the electricity production license.

The 'Corporate legal-fiscal' and 'Electricity production license' process steps are only relevant for renewable power installations with a capacity above 5 MW.

## 2.1.1. Site selection

### Process flow

The process of constructing a renewable energy installation begins with finding a suitable location. The interested person or legal entity must choose a plot of land and conduct an independent research on how suitable the location is for the intended renewable energy technology. There is no central authority which can provide a map with the potential locations for either solar or wind power installations. There are also no guidelines on the site selection at the municipal level. Therefore, the assessment and the decision on the situation is largely left to the project developer (natural or legal person). Another option is to contact a consultant or a non-governmental organization in the sector who may be able to provide some useful information. Alternatively, the project developer may submit an official request for information to the competent authorities. However, the effectiveness of these requests is uncertain (Association of Ecological Energy Producers representative, 2020; Solar power consultant, 2020).

While for PV installations there are some resource maps available, developers of wind energy projects are required to carry out wind measurements, the duration of which is at least one year (Association of Ecological Energy Producers representative, 2020).

For onshore wind, the site selection process is more complicated than for PV installations. This is due to the larger areas occupied by a wind farm, as well as a number of additional requirements, such as a certain distance between the individual wind turbines, the mandatory access to roads for the transportation of heavy equipment, and the presence of high voltage networks near the selected terrain, etc. (ibid.).

Another issue related to the site selection is that many of the suitable plots of land (especially for building larger power plants) are classified as agricultural land. Thus, in order to use these plots for the construction of renewable power plants, it is required to change the land use (art. 23 Agricultural Land Protection Act).

### Small-scale rooftop installations

For rooftop PV systems up to 30 kW, a preliminary inspection of the roof is recommended, examining the slope, shading, accessibility and structural integrity of the roof on which the PV system is planned. There is also a requirement to receive the approval of 50% of the owners in a building before proceeding with the installation. Small-scale wind farms are not popular in Bulgaria (art. 17 Condominium Ownership Management Act).

### Deadlines

#### Detected barriers

**Difficulties with finding suitable locations.** Many of the roofs and facades on which PV systems up to 30KW could be installed are not in great condition and require repairs in order to be usable for PV systems. However, in order for the roofs to be repaired, a building permit is likely to be required. There is also a requirement that half of the owners of a residential building must agree to the installation of PV system on the roof or facade of the building (art. 17 Condominium Ownership Management Act; Bulgarian Solar Association representative, 2020). This is a problem because the project can be vetoed by the residents for no particular reason.

Finding a plot of land which is suitable for the construction of a ground-mounted PV installation or onshore wind power plant can be challenging. The main issue is that there are not many available plots of land which fulfil all of the requirements and there are no maps provided by the government which help project developers locate a suitable spot. As such, the search for a suitable location can slow down the execution of the project. In the case of wind farms, access to roads and the presence of high-voltage networks in the vicinity are mandatory. However, as the grid is not well-developed, these high-voltage networks are not readily available. The same rings also true for the road network in Bulgaria – some parts of it are not well-developed. For ground-mounted PV, it is hard to find a land with the appropriate land use purpose ('industrial land'). According to the stakeholders interviewed, these challenges could be mitigated if the authorities were to provide guidance on where a renewable power plant could be installed in line with all the existing requirements and restrictions (Bulgarian Solar Association representative, 2020).

### **Identified good practice**

No good practice related to this process was identified.

## **2.1.2. Electricity production licence**

### **Process flow**

The issue of the electricity production licence is regulated by the Ordinance No. 3/2013. In Bulgaria, producers of electricity from power plants with a total capacity above 5 MW are subject to licensing by the Energy and Water Regulatory Commission (EWRC). For installations up to 5 MW, the EWRC must be notified but no further action is required. (art. 39 Energy Act)

In order for the license to be issued, the natural or legal person must be registered in Bulgaria, another EU member state or EEA country. The applicants must submit documents that:

- Prove they possess the technical and financial capabilities, the material and human resources, and the organizational structure needed for fulfilling the requirements described in the license;
- Prove that they have the right to operate the power installation;
- Present evidence that the power installation meets the regulatory requirements for safe operation and environmental protection.

If the project developer has applied for a license before the power installation has been constructed, the issued license must contain details on the construction of the installation and a term for starting the electricity production activities. (art.11 & art. 18 Ordinance No. 3/2013).

The procedure for issuing a license begins when the project developer submits a written application to the EWRC. The application must be accompanied by all the necessary documents, which are listed on the EWRC's portal. An application is considered to be received from the date the applicant receives a reference number. (art. 2-3 Ordinance No. 3/2013).

A license can be issued for a period of up to 35 years, but the EWRC may not issue it for a period longer than the one requested by the applicant. The term of the license can be extended as long as it does not exceed 35 years. (art. 9 Ordinance No. 3/2013).

## Deadlines

The deadlines relevant for the issue of the electricity production license are set in the Ordinance No. 3/2013 and the Energy Act. The EWRC must either issue or reject the electricity production license within 3 months of the submission of the application. In the case of a refusal, the applicant has the right of submitting a new application, but no earlier than three months after the rejection decision has been issued. The decision of the EWRC to reject the issue of the license contain also the reasons for the rejection. (art. 41 Energy Act)

The EWRC is obliged to examine the submitted application for compliance with the legal requirements within 7 calendar days of receipt. If the EWRC detects inconsistencies in the documents submitted, it will send the applicant a written notice. The applicant then has 7 calendar days to improve and complete the application. The deadline continues to run from the date of submission of these additional documents or data. If the applicant does not eliminate the detected inconsistencies within this time frame, the EWRC will not review the application (art. 4 Ordinance No. 3/2013). If the EWRC does not respond to the application within the aforementioned deadline, this shall be treated as a silent refusal (art. 7 Ordinance No. 3/2013). Whether to proceed with no response or with sending out a reasoned decision is left to the discretion of the EWRC.

## Detected barriers

**Lack of transparency and accountability concerning the EWRC.** The EWRC should actually be an independent regulatory body, but its board is politically appointed, which makes it vulnerable to political pressure. At the same time, the EWRC procedures are not transparent enough. For example, the decisions about the granting of electricity production licenses are made in closed-door meetings. In addition, the above mentioned rule of silent rejection applies. As a result, in the event of a silent rejection, the project developer may be deprived of the opportunity to improve his documents for the reapplication. There are also no simple out-of-court procedures for the settlement of disputes between the EWRC and the applicant. So, the only way to resolve the dispute is to go to court, but since this is a lengthy and expensive process, many developers choose to avoid it. This makes project developers feel that the EWRC can treat the applicants differently without any particular reason. (Solar power consultant, 2020; Bulgarian Solar Association representative, 2020; Greenpeace representative, 2020)

## Identified good practice

No good practice related to this process was identified.

### 2.1.3. Administrative authorization

#### Process flow

##### Standard authorization procedure

This procedure is relevant for any type of PV above 1 MW and for wind farms of all capacities.

As a first step, the project developer needs to apply for a design visa. A design visa is a copy (or an extract) of a detailed development plan that covers the plot of land where the renewable energy system will be installed and adjacent plots with marked existing buildings and structures and with admissible lines for the planned construction, as well as admissible heights, density and intensity of the planned construction. The design visa is

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issued by the chief architect of the municipality. (art. 139 & art. 143 Spatial Development Act)

After that, the project developer must sign a contract with a licensed company for the development of an investment project. The investment project must contain detailed schemes of the planned renewable power installation and other related structures, if any, as well as a health and safety plan and a geodesy and construction waste disposal plan. The required set of schemes varies depending on the power plant's size and features. Small rooftop installations will not need plumbing and waste disposal but very large power plants may have these features and should include a schematic of them in the investment project. An electrical schematic and a fire safety schematic are relevant for every technology and capacity. The investment projects are coordinated and approved by the chief architect of the municipality. Before the approval, an assessment of the conformity of the investment project with the relevant regulations must be carried out. This can be done by a certified consulting company or by a council of experts formed by the municipality. The approved investment project, is a prerequisite for applying for a building permit. (arts. 137-147 Spatial Development Act)

With the approved investment project, project developer can apply to the municipality for the issue of a building permit. Attached to the application must be the approved investment project and a document which certifies that the project developer is either the owner of the property where construction will take place, or has received the permission of the owner to build the renewable power installation on his property. (art. 148 Spatial Development Act)

After completing the construction of a renewable power installation, project developer needs to obtain a permit allowing to commission the installation. The competent authority for issuing this permit is the National Directorate for Construction Control (art. 177 Spatial Development Act).

#### Agricultural Land

The project developer notifies the mayor of the municipality about the wish to change the purpose of the land. The municipality then issues a confirmation that this is possible. If the municipality does not respond, it is considered a silent rejection. In the case of a positive reply, the project developer must commission a licensed expert to prepare a detailed development plan of the site that will later have to be approved by the municipality. The project developer needs to submit around 20 documents to the municipality for the land use change procedure. After the municipality processes the documentation and approves the change of purpose, the project developer must pay a small fee for the service within 3 months of the approval (art. 20 – 24 Agricultural Land Protection Act).

When choosing the location for PV installations, the land on which the installation is to be constructed must have an 'industrial land' status (art. 23 Agricultural Land Protection Act).

#### Environmental Impact Assessments

In order to obtain a building permit, the project developer must, among other things, have carried out an environmental impact assessment (EIA) (art. 148 Spatial Development Act). The developer can start the EIA right after purchasing the land or obtaining permission from the land owner to build a renewable power plant on his property. In some cases, the EIA is not required. A request to examine the need for an EIA is sent to the Regional Inspectorate of Environment and Water (RIEW), which in turn can decide that the EIA is not necessary (screening). This is usually the case with small-

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scale rooftop PV systems (up to 30 kW). When it comes to wind installations, an EIA is always required (Association of Ecological Energy Producers representative, 2020).

After the EIA has been carried out, the project developer must notify the public and hold a public hearing for the interested parties so that they may become informed about the project and its environmental impact. Stakeholders may then provide their opinions on the project's feasibility to the respective municipality. The last step is the decision of the RIEW on whether to approve the completed EIA. The EIA is approved if no stakeholder objections are raised during the public hearing. If there are significant objections, the EIA report needs to be revised and another public hearing must be held (art. 4-20 Ordinance on EIA; Association of Ecological Energy Producers representative, 2020).

During the survey, the interviewed stakeholders shared their concerns about the way the EIAs are carried out in Bulgaria. First of all, there are doubts about the objectivity of the EIA reports as the project developer commissions the experts to draft the EIA report. As a consequence, it is entirely possible for large project developers with good political connections to bypass the existing environmental requirements. Another issue is that there is no regulation that specifies under what circumstance an EIA may be contested. The result is that there are sometimes legally unjustified attempts to challenge an EIA, which slows down the implementation of the project. (ibid.)

#### Simplified procedure

In Bulgaria, a simplified procedure exists, which covers rooftop installations up to 1 MW mounted on existing buildings that are already connected to the grid. In this instance, there is no need to develop an investment project. In order to obtain the building permit, the project developer must submit to the municipality a request which is accompanied by a design visa, a document which shows that a construction engineer and an electric engineer have approved the installation, a scheme on how the installation will be mounted, and the grid connection conditions from the DSO (art. 147 Spatial Development Act).

The small-scale rooftop systems are also exempt from the requirement to obtain a permit for the commissioning of the installation (ibid.)

According to the national stakeholders, the administrative authorization process for the solar power systems with an output of up to 1 MW is too complicated and time-consuming. They argue that the process should be further simplified for these capacities. Small-scale project developers believe that they are being treated the same as larger investors. There is a concern that people interested in installing small-scale PV systems on their rooftops will usually find it difficult to complete this process step on their own. As a result, they will often need to hire a consultant to guide them through the entire implementation process, which increases the project implementation cost (Greenpeace representative, 2020).

#### **Deadlines**

The deadlines relevant for the administrative authorization procedure are stipulated in the Spatial Development Act.

The design visa is issued by the chief architect of the municipality within 14 calendar days of submitting the application.

The investment project is approved after the assessment of the project's compliance with the relevant regulations has been completed. When this assessment is carried out by a certified consulting company, the deadline is 14 calendar days, and in the case of a

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council of experts formed by the competent authority, 30 calendar days. (art. 141, Spatial Development Act)

The refusal to approve an investment project is made only in accordance with the Spatial Development Act and related legislation, i.e., for reasons stipulated by law. The reasons for the rejection are explained in the rejection decision. The applicant shall be notified in writing about the refusal to approve the investment project. An appeal can be lodged against the rejection to the local administrative court within 14 days of notification. (art.215 Spatial Development Act)

The building permit is issued within 7 calendar days after submitting a written application, as long as there is an approved investment project. The building permit expires if construction has not started within 3 years after it was issued or, in the case of a construction in a rough state, including the roof of the building, within 5 years after the permit was issued. The building permit can only be re-issued once for the same period of time. (art. 148 Spatial Development Act)

If the project developer does not apply for a building permit within one year of the approval of the investment project, the investment project will expire and a new one will be necessary to continue the authorisation process. (art. 145 Spatial Development Act)

#### Agricultural land

The procedures for changing the purpose of agricultural land vary depending on the municipality involved. The confirmation by the municipality that the land purpose change is possible should be issued within 30 calendar days. The approval of the detailed development plan must happen within 1 month. Afterwards, the municipality should issue a decision within 30 calendar days of receiving all of the required documents. However, it is not uncommon for this deadline to be missed, without any good reason. Collecting all the required documents can also be time-consuming. (art. 20 – 24 Agricultural Land Protection Act).

In the case of onshore wind energy, the land use change can take up to 3 years. For ground-mounted solar PV installations, it takes about 2 years to complete this process. (Association of Ecological Energy Producers representative, 2020)

Regarding changing the purpose of agricultural land, the project developer has to consider several important deadlines. First, a building permit must be applied for no later than three years from the date on which the purpose of the land was changed. Secondly, the construction work has to begin within max. six years after the land use change. If these deadlines are not kept, the purpose of the land reverts back to the agricultural purpose (art. 23 The Agricultural Land Protection Act).

#### Environmental Impact Assessments

The deadlines relevant for the EIA is set out in the Ordinance on EIA.

A decision on the request for examination as to whether an EIA is necessary (screening) must be issued by the RIEW within 30 calendar days of receipt of the request. (art. 8 Ordinance on EIA)

The EIA report is drafted by independent experts chosen by the project developer. Thus, how long it takes to complete the report varies. Once it has been completed, the EIA report is submitted to the RIEW which must issue an assessment of the report within 30 calendar days from the submission. The RIEW either approves the EIA report or returns it to the applicant with the request for certain revisions and/ or additional information. A revision may only be requested and performed once. The deadline for completing the

documents is determined by the RIEW at the time of request (art.11-15 Ordinance on EIA). In general, the deadline for administrative procedures in Bulgaria continues from the date of submission of the requested additional documents or data.

The EIA must be approved within 45 calendar days of the completion of the public hearings (art. 20 Ordinance on EIA). The project developer must announce when and where the public hearing will be held at least 30 days in advance by using various mass media channels. (art. 17 Ordinance on EIA)

## Detected barriers

**Delays with the EIA approvals.** The process for completing an EIA is not optimal. The RIEW sometimes fails to keep the deadlines. For example, an EIA for wind power plant can take up to two years because the monitoring of various animal populations is sometimes not initiated in a timely manner and has to be postponed until the next year. Another issue is that in order to complete the EIA report, the independent experts commissioned with the report drafting sometimes need to request additional information from the Ministry of Environment and Water, which in turn can lead to delays. Furthermore, third parties (such as ecological organizations) may decide to appeal the approved EIA in court, which can negatively affect the timeline of the entire project (Solar power consultant, 2020; Bulgarian Solar Association representative, 2020).

**Lack of know-how about renewable energy technologies.** The administration in smaller municipalities can sometimes be unfamiliar or less familiar with the renewable energy technologies. For example, the local architects may not be aware of all the technical requirements relevant for such technologies. This, in turn, may impede the process of obtaining a building permit as the architects are sometimes unsure about the issue of the permit and therefore need to consult other authorities (Bulgarian Solar Association representative, 2020).

**Non-harmonised administrative procedures.** The legal framework for the administrative authorization process is confusing as the relevant regulations are dispersed in various legal sources. For this reason, the responsible personnel at the municipalities sometimes struggles with understanding and following the approval requirements. These issues arise because there are no harmonised guidelines for competent authorities explaining how the administrative authorization procedure for renewable energy technologies could be carried out efficiently (Solar power consultant, 2020).

## Identified good practice

No good practice related to this process was identified

## 2.1.4. Grid connection permit

### Process flow

When constructing a new renewable energy installation, the applicant must submit a request to the local electricity grid operator for confirmation that the installation will be connected to the grid. With this request, conditions of the respective grid operator for the grid connection will be determined. If the capacity of the renewable energy installation is up to 5 MW, the request is submitted to the local DSO and, for power plants above 5 MW, to the TSO. There is a list of required documents to be submitted together with the request, which is available on the websites of the network operators. The most important

requirement is that the applicant has already obtained a design visa before submitting the request to the local electricity grid operator for confirmation that the installation will be connected to the grid. This requirement is waived if the installation does not exceed the capacity of 1MW. (art. 80 Ordinance No. 6/2014).

Upon a request, the local grid operator conducts an assessment and issues in writing a statement on the conditions for connecting to the electricity grid. After receiving the statement, the applicant must apply for a preliminary contract for the connection of the installation to the electricity grid. The network operator in turn prepares and sends to the project manager a draft of the preliminary grid connection contract, which contains specific technical requirements that the applicant must follow when connecting his installation. (art. 80–83 Ordinance No. 6/2014)

The preliminary grid connection contract is signed before the preparation of an investment project. The final contract can only be signed after the Chief Architect of the municipality has approved the investment project and has issued the building permit. Afterwards, the applicant may submit to the network operator a request for signing a contract for connecting to the grid. This request must be accompanied by a scheme containing details about the engineering of the future installation. After the design has been approved, the network operator prepares the final grid connection contract and sends the applicant an invitation to sign it. (art. 80 - 83 Ordinance No. 6/2014)

For installations up to 30 kW which are mounted on existing buildings that are already connected to the grid, a preliminary contract is not required. Final grid connection contract can be signed between the small-scale project developer and the grid operator after the issue of the grid connection conditions. (art. 91-92 Ordinance No. 6/2014)

After the final grid connection contract has been signed, the network operator prepares and approves a project to build the infrastructure required to connect the planned installation. The project is coordinated with the project developer.

The connection of the newly built installation to the electricity grid requires complex 72-hour tests. If no issues arise during these tests, the project developer can sign a sale and purchase agreement for energy with the DSO or TSO. This is not required for installations up to 30 kW (art. 85 Ordinance No. 6/2014).

According to the national stakeholders interviewed, the public distrusts the DSOs. One of the main issues is communication. It is oftentimes hard to keep an open dialogue with these authorities. There are also instances when the DSOs do not keep their deadlines or extend them at the very last moment. There are three DSOs in Bulgaria, which have monopoly in their respective regions. Some stakeholders are of the opinion that this fact gives the DSOs too much discretion, while electricity producers have no choice but to work with them. Overall, stakeholders insist that DSOs must work to increase public confidence in them and provide better services. One stakeholder believes that the lack of adequate regulations and strong regulatory institutions allow DSOs to behave in a way which will not be tolerated in other EU Member States. (Greenpeace representative, 2020; WWF representative, 2020; Solar Association representative, 2020)

## **Deadlines**

The decision on the conditions for connection to the grid is issued within 30 calendar days if the application was submitted to a DSO and within 60 calendar days if it was submitted to a TSO. (art. 80 Ordinance No. 6/2014). An exception exists for small-scale installations up to 30 kW which are mounted on existing buildings that are already

connected to the grid, where the deadline for the issue of the decision is 14 calendar days. (art. 91 Ordinance No. 6/2014)

If the documentation submitted to support the request to determine the conditions for the grid connection show certain deficiencies, the network operator notifies the applicant within 14 calendar days (art. 52 Ordinance No. 6/2014). For renewable systems with a capacity up to 30 kW which are mounted on existing buildings that are already connected to the grid, the notification period is 7 calendar days (art. 88 Ordinance No. 6/2014). After receiving the notification, the applicant has 30 calendar days to submit all the required documentation (art. 52 & art.88 Ordinance No. 6/2014).

In all other instances the period of validity for the grid connection is determined individually. If the project developer (natural or legal person) does not submit a request for the signing of a preliminary grid connection contract within the time frame, the procedure will be terminated. If the project developer submits the request, the draft preliminary grid connection contract will be issued within 14 calendar days of receipt of the request. The preliminary grid connection contract is valid for one year (art. 82 Ordinance No. 6/2014).

The scheme detailing the engineering of the future installation (see chapter 2.1.4 under 'Process Flow') has to be approved by the DSO within 14 calendar days of its submission. If there is missing data or inaccuracies, the network operator will notify the applicant about the issues that need to be corrected. The applicant can address the indicated gaps no later than 30 calendar days before the expiry of the preliminary grid connection contract. If there are no problems with the documents submitted, the grid operator will send an invitation to sign the final grid connection contract within 14 days of receiving the respective request (art. 52 Ordinance No. 6/2014).

For renewable systems with a capacity up to 30 kW which are mounted on existing buildings that are already connected to the grid, the conditions for the grid connection are valid for six months from the issue date. If the project manager does not send to the DSO a grid connection request within this time frame, the grid connection procedure will be terminated. The network operator will prepare and send the final grid connection contract to the applicant within 14 days of receiving the grid connection request (art.91-92 Ordinance No. 6/2014).

## Detected barriers

**Possibility of refusing connection to the grid.** Ordinance No. 6/2014 gives the DSOs the right to reject (if there is not enough grid capacity) or postpone the connection of the installation to the electricity grid. This contradicts article 18 of the Energy from Renewable Sources Act, which states that electricity produced by RES technologies will have guaranteed access to the transmission and distribution networks (art. 80 & 90 Ordinance No. 6/2014). In addition, the DSOs sometimes issue unfavorable conditions for joining the grid resulting in applicants deciding to withdraw their request.

**Requirement for a building permit for small-scale systems.** The final grid connection contract for renewable energy systems with the capacity up to 30 kW which are mounted on existing buildings that are already connected to the grid cannot be issued without a valid building permit (Art.26 Energy from Renewable Sources Act; PV Grid Database, 2012). Since the conditions for the grid connection are valid for six months from the issue date, a potential delay in obtaining the building permit can lead to the project manager not being able to sign the final connection contract on time. As a result, the project manager will have to restart the grid connection procedure, which will further delay the project's completion.

**Confusing grid connection requirements.** The requirements for connecting renewable energy installations to the distribution grid in Bulgaria vary from DSO to DSO. In addition, the grid connection contracts often contain complex and confusing technical requirements. DSOs require different documents and sometimes their interpretation of the applicable legal framework differs. As a result, the process becomes rather time-consuming. The process is intimidating and confusing for smaller electricity producers (and prosumers) because of its complexity (Greenpeace representative, 2020).

**Additional costs.** According to the Energy from Renewable sources Act, the DSO must pay for the expansion and upkeep of the electricity distribution network. Project Developers must pay only for the cables and connectors necessary to join their power plant to the grid. (i.e. the project developers should pay only for the infrastructure which is situated on the territory of the power plant). Contrary to what is prescribed by the law, the DSO can request that the expansion of the electricity distribution network or its reconstruction take place at the expense of the project developer. The DSOs usually make a commitment to pay for this construction work within a certain period of time, but this commitment is not always fulfilled (Solar power consultant, 2020; art. 27 of the Energy from Renewable Sources Act).

### Identified good practice

No good practice related to this process was identified

## 2.1.5. Corporate legal fiscal

### Process flow

In Bulgaria, only legal persons can construct a power plant with an output more than 5 MW. The EWRC can only issue electricity production licenses to the entities registered under the Trade Act (art.10 Ordinance No. 3/2013).

When the power installation is smaller than 5MW, the project developer is not required to register a legal person. A natural person can produce and sell electricity, as long as they declare their income and pay taxes on the profit made. (ibid.)

According to the national experts, however, selling electricity as a legal entity can save the project developer money, even in the cases of small-scale installations (up to 30 kW). The reason is that the legal entities may qualify for a VAT refund, which amounts to 20% (art. 88 Value Added Tax Act). On the other hand, acting as a legal entity can incur some additional costs, such as paying social security for the company's employees or some accounting fees, etc. (Bulgarian Solar Association representative, 2020; Greenpeace representative, 2020)

Creating a legal entity in Bulgaria is a quick and inexpensive procedure. There is a list of 12 documents which must be submitted to the Registry Agency. It costs no more than EUR 100 to complete this procedure. (art. 12-13 Commercial Register Act)

### Deadlines

It takes about 5 working days for the application to register a legal entity to be processed. (Bulgarian Solar Association representative, 2020)

### Detected barriers

No barrier related to this process step was identified.

## Identified good practice

No good practice related to this process was identified

## 3. Use of IT systems

### Electricity production license

To obtain an electricity production license, an online application can be completed and all required documents uploaded and submitted via the EWRC portal<sup>1</sup>. However, in order for the EWRC to ensure that all documents are legitimate, the online submission is accompanied by some additional verification procedures. The applicants may track the progress with the application through this portal, and they may choose to receive the commission's decision online, rather than as a letter. Essentially, this portal allows for most of the EWRC's services and procedures to be carried out online.

### Corporate legal-fiscal

The documents to register a legal entity can be submitted online on the Bulgarian Registry Agency's website<sup>2</sup>. Upon doing so, the applicant receives a discount on the administrative fees for processing the documentation.

The rest of the process steps can only be performed in person. The required forms can be uploaded on the websites of the competent authorities.

## 4. Complaint procedure

### Grid connection permit

If a project developer is not satisfied with the grid connection conditions presented to him by the grid operator or if he has any other grievances concerning the work of the distribution or transmission system operators, he can submit a complaint to the EWRC, which will issue its opinion on the matter. If the project developer does not agree with the EWRC's decision, they have the right to appeal to the local administrative court. The decisions of the local administrative courts may be appealed before the Supreme Administrative Court. (art. 13 Energy Act).

The stakeholders interviewed unanimously agree that the EWRC is not efficient when it comes to handling complaint procedures. Not only does the EWRC take extremely long to respond but, at times, it does not respond at all. In addition, many of the EWRC's decisions do not offer feasible solutions (Solar power consultant, 2020; Bulgarian Solar Association representative, 2020; Association of Ecological Energy Producers representative, 2020).

### Other steps

Complaints can be filed by the project developer within 14 days of receiving the decision. The administrative decision in question may be appealed before the local administrative court. The decisions of the local administrative courts may be appealed before the Supreme Administrative Court. The acts of the Minister of Regional Development and Public Works, the Minister of Defence and the Minister of Interior are appealed directly before the Supreme Administrative Court (art. 215 Spatial Development Act). There do not exist any limitations to streamline the complaint procedures. Third parties are

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<sup>1</sup> <https://portal.dker.bg/>

<sup>2</sup> <https://portal.registryagency.bg/>

allowed to appeal before the administrative courts (art. 147 Administrative Procedure Code).

The stakeholders interviewed have pointed out that project developers are often unwilling to go to court. The reason for this is that the court procedures are lengthy (about 3 years for each instance) and expensive and the entire timeline of the project implementation could be adversely affected (Solar power consultant, 2020; Association of Ecological Energy Producers representative, 2020).

## 5. Specific features to ease administrative procedure

Table 2 below provides information on the existing specific features to ease administrative procedures in Bulgaria.

Table 2: Specific features to ease administrative procedures

Specific feature	Existing	Short description
Simultaneous procedures	no	
National contact points and one-stop-shops	no	
Application of 2+1 and 1+1 rules	no	
Simple notification procedure	yes	A simple notification procedure is only applied in the procedure for the issue of an electricity production licence. When the total installed capacity of the renewable energy installation does not exceed 5 MW, the project developer must notify the EWRC about being an electricity producer. No further action is required.
Pre-planning	no	
Pre-application consultation	no	
Project acceptance measures	no	
Measures to streamline litigation by third parties	no	
Other	no	

## 6. Indicators to measure the performance of the overall process

Table 3 below provides information on the indicators to measure the performance of the overall administrative and grid connection process in Bulgaria.

Table 3: Performance indicators to assess administrative and grid connection processes

Performance indicator	Description
Average response time by the competent authorities and TSO/DSO for grid connection procedures	In general, authorities should take between 14 and 60 days to respond (these are the statutory deadlines). However, according to the interviewed stakeholders, the deadlines are not always kept (see Section 2.1.4). The response time in practice is hard to indicate since they vary case by case.

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Process duration	<p>The EIA for PV (both ground-mounted and rooftop, above 1 MW) and onshore wind in Bulgaria takes to 2 years (Association of Ecological Energy Producers representative, 2020). According to the Association of Ecological Energy Producers, it takes between 1 and 2 years for a solar power installation greater than 1 MW to be set up and put into operation after the EIA has been completed. The time period is at least 4 years for onshore wind installations (ibid.)</p> <p>Overall, the entire process for a wind installation may take between 6 and 8 years (WindEurope workshop, 2020).</p> <p>For small-scale PV systems (up to 1 MW), it takes between 6 months and a year to complete all of the necessary process steps (Solar power consultant, 2020).</p>
Project approval rates	N.A.
Costs of administrative processes	<p>Building a rooftop PV system of 30 kW costs around EUR 20,000. The grid connection cost is up to EUR 2,000 for installations between 16 and 50kW (Greenpeace representative, 2020). On the DSOs' websites there are set prices for installations up to 400kW. For larger installations price is calculated on a case-by-case basis and the final price is agreed upon through the signing of the preliminary contract for connecting to the grid. The prices vary depending on the DSO involved because each DSO calculates the cost differently. The project developer is also responsible for setting up the necessary on-site infrastructure required to connect the installation to the grid.</p>
Share of permits that are legally challenged	N.A.
Share of legal challenges that are overruled	N.A.
Stakeholder interests	<p>Stakeholders are invited to participate in a public hearing which precedes the approval of an EIA. The project developer must announce when and where the public hearing will be held at least 30 days in advance by using various mass media channels. As such, anyone interested in the project may be present and can participate in the discussion concerning the EIA report (Ordinance on EIA).</p> <p>For rooftop mounted installations, the residents of the buildings can veto the construction. The rooftop PV can be installed only if enough of the residents agree for this to happen.</p> <p>Other than that, the local authorities do not have procedures to include and engage stakeholders.</p>

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