



Bulgarian Energy Efficiency Fund

Energy Efficiency a Cost-Effective Solution for Energy Security

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Energy Dependence of Bulgaria

- ▼ Close to the average for the EU energy dependence 48% (50.1% for EU - projected to increase up to 65% for 2030)
- ▼ Poor local energy resources – only low quality lignite
- ▼ Bulgaria imports 89% of the petrol, 100% of the natural gas and 100% of the nuclear fuel from Russia;
- ▼ Only one gas supply connection - from Russia through Ukraine and Romania;
- ▼ No terminal for LPG;
- ▼ Limited capacity for gas supply from Turkey and Greece created after January 2009 energy crisis.

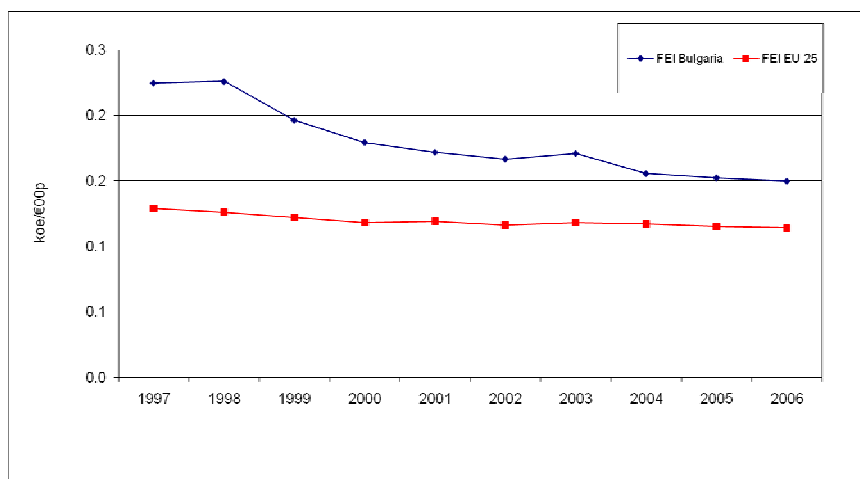


Energy Intensity of Bulgaria

- ▽ The energy intensity of Bulgaria is the highest among the countries in EU-27;
- ▽ The reduction of the energy intensity of the final energy consumption with 2,5 times up to 2030 will save energy about 26 ktoe annually;
- ▽ The final energy consumption of Bulgaria will be reduced from 42 ktoe to 16 ktoe annually;
- ▽ Big potential for energy efficiency investments with short pay-back.



Final Energy Intensity





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First National Energy Efficiency Action Plan 2008 - 2010

- ▼ The NEEAP covers the period 2008-2010;
- ▼ Implements Directive 2006/32/EC;
- ▼ Bulgaria approved a national indicative target for energy savings 9% of the average final energy consumption for the period 2001 – 2005;
- ▼ Expected energy and fuels savings equivalent to 627 ktoe or 7291 GWh;
- ▼ For the first 3 year period Bulgaria approved target 3% - 209 ktoe or 2430 GWh energy savings.



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Distribution of the national indicative target 3% up to 2010

Sectors	ktoe	%
Households	61	29
Services	29	14
Industry	48	23
Transport	63	30
Agriculture	8	4
Total	209	100



Bulgarian EE Market Snapshot

Financiers

- ▽ Commercial banks – mainstream lending
- ▽ EBRD BEERECL for businesses (via 7 banks, KIDSF grant 15%)
- ▽ EBRD REECL credit line for households (via 6 banks, KIDSF grant 20%)
- ▽ **Bulgarian Energy Efficiency Fund**
- ▽ EIB / EIF specialised lending
- ▽ EU Structural funds
- ▽ Operating and financial leases

Developers

- ▽ ESCOs
- ▽ Energy auditing companies
- ▽ Construction companies
- ▽ Engineering companies
- ▽ Consultants

Beneficiaries

- ▽ Public sector (Municipalities)
- ▽ Businesses
- ▽ Residential sector



The Bulgarian Energy Efficiency Fund (BEEF)

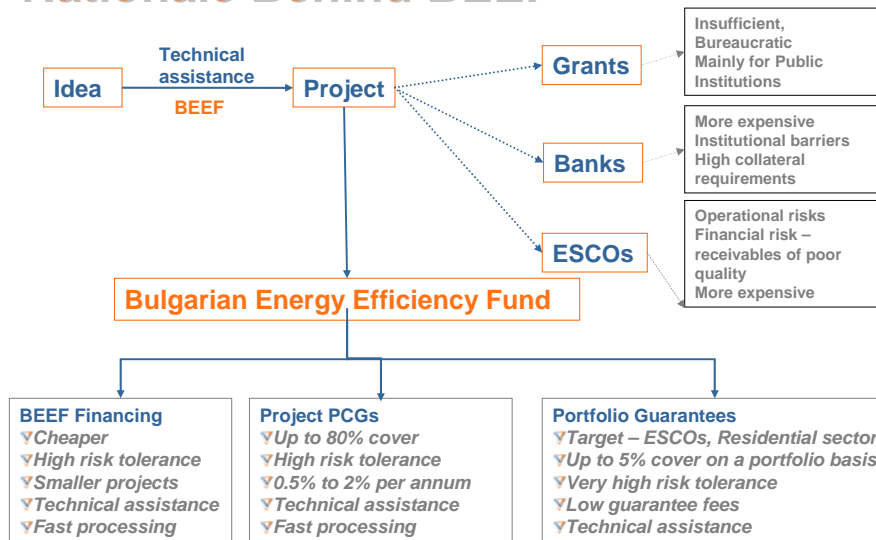
BEEF is a revolving mechanism for **development and financing** of commercially viable projects and capacity building

- ▽ Established pursuant to Energy Efficiency Act from 2004 and 2008;
- ▽ Initial capitalization – approx. **BGN 22 million (EUR 11 million)**;
- ▽ Donations from the World Bank (Global Environment Facility), Bulgarian Government, Government of Austria, DZI Bank, “Lukoil” AD, Brunata Bulgaria, Enemona AD.

Main Objective: Development of the Bulgarian Energy Efficiency Market



Rationale Behind BEEF



BEEF and the Municipalities

- ✓ BEEF is by law excluded from the procedures of the Municipal Debt Act, which spares around two month of procedural bureaucracy;
- ✓ BEEF does not require municipal assets in the form of collateral;
- ✓ BEEF's technical experts examine in detail the expected energy and GHG savings;
- ✓ After the project implementation BEEF's experts monitor the achieved energy and GHG savings;
- ✓ BEEF financing can be applied in a co-financing scheme with public financing schemes such as the project "Beautiful Bulgaria", budget subsidies from the Ministry of Education and Science, the Ministry of Health or the Ministry of Finance.



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ESCO Portfolio Guarantees

BEEF undertakes the financial risk of the ESCO by guaranteeing that it will cover the first 5% of defaults in the flow of receivables of the ESCO's clients.

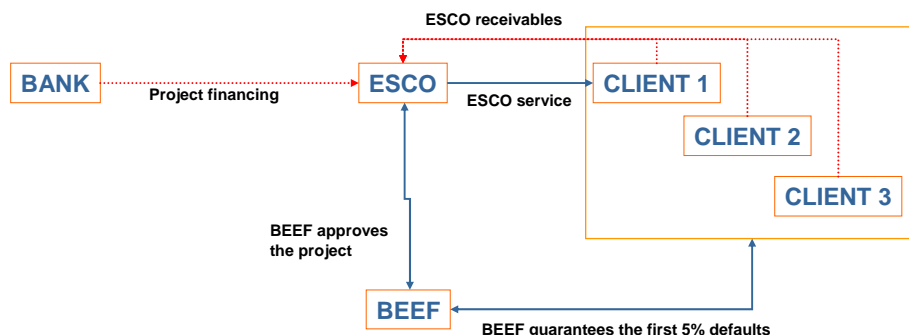
First Portfolio Guarantee for Bulgaria – signed between BEEF and Energy and Energy Savings Fund SPV (EESF) on the 14th of April, 2008.

- ▼ BEEF guarantees that it will cover up to 5% of the defaults of the delayed payments of an approved project portfolio;
- ▼ With this guarantee, the ESCO gets better interest rates on its debt with commercial banks;
- ▼ Failsafe trigger that will prevent cash flow disruptions and will reduce the risk of the clients;
- ▼ The covered portfolio amounts to BGN 16 million with a guarantee of BGN 800 000 on behalf of BEEF;
- ▼ Guarantee fee 0,1% over the portfolio for a period of 5 years.



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ESCO Application



Portfolio: BGN 16 000 000
BEEF Guarantee: BGN 800 000 (5% of portfolio)
Maturity: 7 years



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Overall Cooperation with Commercial Banks

- ▼ **General framework agreements** with 3 leading Bulgarian commercial banks – UniCredit Bulbank, United Bulgarian Bank, International Asset Bank

- ▼ Development and implementation of **co-financing products** with International Asset Bank (IAB):
 - ▼ “Energy Asset” – **Co-financing** on 50:50 basis
 - ▼ “Energy Asset +” – Financing from IAB with **PCG** from BEEF



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BEEF and the EU Structural Funds

- ▼ **Operational Programme “Regional Development”** with the Ministry of Regional Development and Public Works
- ▼ **“Rural Development Programme”** with the Ministry of Agriculture and Food Supply
 - Potential Beneficiaries: Municipalities

- ▼ **Operational Programme “Competitiveness”** with the Ministry of Economy and Energy
 - Potential Beneficiaries: SME, Industry
 - BEEF will provide:
 - ▼ pre-financing (bridge-financing)
 - ▼ To present a letter of intent from a financing institution



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Summary Results as of 31.03.2009

	Number	Project size (BGN million)	BEEF financing (BGN million)
Projects financed	66	26.4	18.0
Municipalities	27	11.8	7.7
Corporate clients	30	9.3	6.9
Hospitals	4	2.9	1.8
Universities	5	2.4	1.6
Portfolio guarantees for ESCO	9	4.9	0.2

“The most successful new fund in Eastern Europe” –

The World Bank, 2006

“The best specialized institution for financing EE projects” –

Energy Efficiency Agency, 2006

“The institution with “best practice” in financing EE projects” –

The World Bank, 2007, 2008



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Thank you for your attention!

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