

COMMISSIONER OETTINGER
THE EUROPEAN COMMISSION
Rue de la Loi 175
Brussels

Date 21.09.2012

DEAR COMMISSIONER,

I am writing to express the European Wind Energy Association's concern about on-going revisions in the regulatory framework for wind power generation in Bulgaria. These changes are threatening the economic viability of existing assets and may have damaging repercussions for renewable energy development well beyond Bulgarian borders.

In a letter dated March 12th EWEA mentioned steps taken by a number of Member States to introduce retroactive changes to their support schemes for renewables. This letter referred to legislation voted in April 2011, which has paved the way for a perilously volatile regulatory framework in Bulgaria. Under the legislation in place, the State Energy and Water Regulatory Commission (SEWRC) can modify the support for renewables at any moment, without oversight or prior notification.

The latest and most unfortunate manifestation of this situation is a September 14th decision by the SEWRC to cut support for wind by 10% with retroactive effect. The measure is presented as a temporary fee for access to the transmission and distribution grid. In fact, the 10% levy is to be deducted directly from the tariff by grid operators making it a thinly disguised retroactive cut in the feed-in tariffs.

The SEWRC justifies this measure by referring to costs associated with the variable nature of renewable electricity generation. This decision clearly discriminates against renewable electricity producers and is in direct violation of the 2009/28/EC directive:

- *Article 16.7 - Member States shall ensure that the charging of transmission and distribution tariffs does not discriminate against electricity from renewable energy sources*

In addition, the decision applies different fees to plants with similar technical characteristics depending on their date of commissioning. This undermines the justification for the measure and is at odds with Article 16.8 for the Renewables Directive



THE EUROPEAN WIND ENERGY ASSOCIATION

- Article 16.8 - Member States shall ensure that tariffs charged by transmission system operators and distribution system operators for the transmission and distribution of electricity from plants using renewable energy sources reflect realisable cost benefits resulting from the plant's connection to the network.

This decision not only shatters investor confidence for the future but threatens the economic viability of one billion euros of existing investments and hundreds of jobs. National industry representatives are challenging the legality of this decision in the relevant national administrative court. This decision by the State Energy and Water Regulatory Commission has political repercussions beyond the wind industry in Bulgaria however.

It is imperative that the Commission sends a very strong signal to the Bulgarian government highlighting the incompatibility of the September 14th decision with European legislation. Failure to act may be interpreted as benign neglect, therefore opening the door to similar approaches in Member States also grappling with the consequences of the economic crisis.

We understand that the Commission's upcoming guidelines on support schemes intend to help steer Member States as they undertake regulatory reforms. In addition to this important initiative, a signal vis-à-vis the Bulgarian authorities would help stem similar initiatives in other Member States. Such a development would represent a considerable challenge for the wind power industry and stifle its contribution to the EU's 2020 renewable energy target.

Sincerely yours,