

LIFE-BECKON

Boosting Energy Communities massive deployment by equipping local authorities with comprehensive technical assistance cooKboOk, integrated services and capacity buildiNg



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Description of Legal and Regulatory situation in Bulgaria

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This document will describe the legal and regulatory situation of Energy Communities in Bulgaria. To be developed.

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1. Introduction

This report outlines the legal and regulatory framework and current context of Energy Communities (“ECs”) in Bulgaria, focusing especially in Renewable Energy Communities (“RECs”) and Citizen Energy Communities (“CECs”).

The information in the deliverable may be detailed further with data that in the delivery date was not available to the project partners.

2. Content

2.1. Transposition of REC and CEC

REC and CEC have been implemented in Bulgarian law in October 2023, via an amendment to the Law on Energy from Renewable Sources (SG no. 86/2023, in force from 13.10.2023) and the Energy law.

These modifications have transposed into Bulgarian law the definition of Renewable Energy Community and Citizen Energy Community, as well as other concepts stemming from Directive 2018/2001, such as Renewable Self-Consumer, Jointly Operating Renewable Self-Consumer and Active Customer.

However, it is necessary to note that, although the definitions of REC and CEC and the main elements of their regulation have been implemented into Bulgarian law, the operation of REC and CEC is still not regulated in detail. Thus, although a first step has been taken, RECs and CECs are still awaiting full implementation.

More information on the stage of implementation of REC and CEC in Bulgaria can be obtained from RESCOOP's [Transposition Tracker - Bulgaria](#).

2.2. Requirements and limitations

2.2.1. REC

It is necessary to note that, in the definition of REC included in Article 18.b of the Law on Energy from Renewable Sources, as amended, a limitation has been introduced in RECs that seems to limit their scope to urban areas. This may exclude the establishment and operation of RECs in rural areas.

2.2.2. CEC

According to Additional Provision 1, item 76 of the Energy Law, as amended, a Citizen Energy Community is:

“a legal entity based on voluntary and open participation, effectively controlled by members, partners or shareholders who are natural persons, municipalities or small enterprises;

has for its primary purpose the provision of environmental, economic or social community benefits to its members or shareholders or to the local areas in which it operates, rather than financial gain, and

can carry out production, incl. of renewable energy, distribution, supply, consumption, aggregation, storage of electric energy, EE enhancement services or electric vehicle charging services or to provide other energy services to its members or shareholders”

This definition of Citizen Energy Community is essentially coincident with the definition in Article 2.11 of Directive 2019/944. The main distinction is that under Bulgarian law membership of local authorities in a CEC is explicitly limited to municipalities.

2.3. Types of legal entity

Several existing ECs in Bulgaria have been created on the basis of associations of flat owners, which have installed PV panels for common use. These associations function under the Condominium Management Act¹, the modification of which is currently discussed in Parliament. This form was used to apply for national subsidies for the renovation of buildings.

These associations of flat owners, created under article 25 of the Condominium Management Act, have the purpose of managing European, state or municipal funding of major repair or major renovation of buildings that are in condominium (i.e. buildings that have more than one owner). These associations are also entitled to manage the common parts of the condominium, and may also receive funding from sources other than public funding.

In order to establish the association, a meeting of the owners of the different flats or espaces (for example, offices) in the building shall be convened. The association requires the participation of owners representing at least 67% of the common parts in the building. The

¹ [CONDOMINIUM MANAGEMENT ACT, Effective from 01.05.2009.](#)

association shall be registered in the BULSTAT Register, the unified national administrative registry in Bulgaria.

2.4. Implementation of the Energy Community

Currently the procedure of implementation of Energy Communities is still not developed in Bulgaria.

2.5. Activities that can be undertaken by the Energy Communities

The activities that can be undertaken by RECs and CECs are explicitly listed in Bulgarian law.

With regard to RECs, Article 18.b.2) of the Law on Energy from Renewable Sources SG No. 86 of 2023, establishes that REC:

- “1. may produce, consume, store and sell excess amounts of energy from renewable sources as an equal participant in the energy markets under the conditions defined in the Energy Law, incl. through power purchase agreements;*
- 2. may share within the renewable energy community the energy produced by installations owned by the community, respecting the rights and obligations of community members as consumers;*
- 3. have access in a non-discriminatory manner to all relevant energy markets”*

The list of activities in Article 18.b.2 of the Law on Energy from Renewable Sources is similar to the list in Article 22.2 of Directive 2018/2001, but includes some differences that shall be highlighted. First of all Bulgarian law sets a limit to the renewable energy that RECs can sell, establishing that only the excess energy can be sold, whereas such limitation is not included in Article 22.2.a) of Directive 2018/2001. On the other hand, while Directive 2018/2001 limits the participation of RECs in energy markets to those energy markets that are suitable to the REC, under Bulgarian law RECs can participate in all relevant markets, under the same conditions as defined in the Energy Law.

With regard to CECs, the definition of CEC in Item 76 of Additional Provision 1 of the Energy Law includes a list of the activities that CEC can carry out under Bulgarian law. This list is essentially equal to the list of activities of CEC under EU law in Article 2.11.c) of Directive 2019/944. It is necessary to highlight that, unlike in the case of Spain and Denmark, CEC in Bulgaria can participate in distribution.

It must be noted that, even though the legislation has recognized the activities which CECs and RECs can undertake, a full implementation in detail on the operation of RECs and CECs has still not been

approved. Thus, it may not be materially possible for RECs and CECs to participate in some of the activities listed above.

Finally, Some ECs have been operating even before the implementation of RECs and CECs in Bulgarian law, carrying out activities such as production of energy and consumption of the energy generated by their own installations. In relation to these activities, the Excise and Tax Warehouses Act ("ETWA") establishes that persons that sell their own electrical renewable energy to consumers for both domestic and business needs have to register under the ETWA if the plant producing the energy is up to 5MW. Moreover, consumers that consume the energy produced by their own electrical renewable energy plants with a total installed capacity over 1M" and up to 5 MW are also required to register under the ETWA, unless they consume the energy for their domestic needs, i.e. the consumption for their household.

3. Conclusion

Energy communities, and specifically REC and CEC, are still in the process of being implemented and developed under Bulgarian law. Thus, although the definition of REC and CEC and some general regulation on the activities that each of them can undertake has been introduced in Bulgarian law, more specific regulation is still awaiting for RECs and CECs to be fully operational.