

Meeting Minutes

Project “Long -Term Agreements for EE in industry in Bulgaria” (LTA BG – II)

The meeting took place on the 14th of March 2007 with the following Agenda:

1. Welcome from Mr Valentin Ivanov – Deputy Minister, Ministry of Economy and Energy
2. Opening of the meeting – Mr. Krassimir Naidenov, Ministry of Economy and Energy
3. What has been done until now? – Mr. Ilian Jeliazkov, *ESD-Bulgaria*
4. *What are we expecting to achieve?* – Mrs. Nicole van Beeck, Mr. Erik ter Avest, SenterNovem

The objective of the second phase of the project, project structure: main results and steps, time schedule, support from SenterNovem.

5. How to achieve that? – Mr Alexander Penchev ESD-Bulgaria

Proposed structure of the project (Steering Committee, Project Team, Working Groups), tasks in Phase A, Phase B, Phase C, different Phase Working Groups.

6. Objective of Working Groups II. What is assessment of opportunities for energy savings and Energy Efficiency (EE) and the role of the pilot companies – Mr. Erik ter Avest, SenterNovem

Questions and discussions regarding the approach/structure of the Second Phase of LTA BG-II Project.

Twenty-seven representatives of the state administration, industrial sector, branch organizations, as well as the representatives from SenterNovem and ESD-Bulgaria were present on the meeting.

*Moderators: Mr. Krassimir Naidenov - Ministry of Economy and Energy
Mr. Alexander Penchev – ESD-Bulgaria*

Mr. Ilian Jeliazkov summarized the activities performed during the first phase of the project completed in 2006. The representatives of SenterNovem - Ms Nicole van Beeck and Mr. Erik ter Avest briefly presented the second phase of the project, the main issues, expected results from the introduction of the *Model for long-term agreements adopted for Bulgaria, how LTA will bridge the Bulgarian sustainable development gap* and the tree tracks as well as the time schedule of the project.

Mr. Penchev reviewed the possibilities for reaching the set objectives – signing long term agreements for EE with several industrial enterprises from the metallurgy, chemical and mining industries.

After Mr. Penchev's presentation, discussion took place.

1. Mr. Krassimir Naydenov - Head of Department "Energy Efficiency" at the MEE

There is information at the Energy Efficiency Agency (EEA) on performed energy audits in industrial enterprises, which have reached 35. Next year we plan to work on the financial instruments and I think, that in mid-term period we will acquire good results. We can even consider introducing some additional energy efficiency incentives in Bulgaria, through implementing of white certificates.

2. Ms. Nicole van Beeck – Senter Novem

Do you have information if there are companies, that are willing to be included in the project, but have not expressed their willingness yet?

3. Mr. Alexander Penchev – ESD-Bulgaria

We have information, that an enterprise like "Polimery"-Devnia, "Svilozha" and "Zebra" – enterprises from the chemical industry – are interested and I think that they will join the project.

4. Mrs Politimi Paunova – Executive Director of Chamber of Commerce for Ferrous and Non-Ferrous Metallurgy

I would like to express my opinion and to note that all the activities are in a very initial phase. There are companies, who are willing to join the project, but it is necessary to raise their interest. Personally I know about 15 companies – potential participants, but they are unable to join now. I have one question regarding the participation of our experts in the target groups. Will they participate only in target group 2? My opinion is that they must participate in the other target groups too. Regardless of the fact that the target groups are very focused, their participation in the other two groups is important, because they visualize the incentives, preparation of manuals or instructions. The selected branch organizations are extremely energy intensive and thus even 1-2% reduction of the energy consumption will have significant considerable impact.

5. Mr. Alexander Penchev

We share the opinion, that it will be good to have more people. We are always open.

6. Mr. Krassimir Naydenov

My suggestion is to include also larger energy consuming companies and at the same time also some SME-companies, as we already have incentives available for this group.

7. Mr. Erik ter Avest - Senter Novem

The long-term agreements are a flexible and cost-effective policy implementation instrument, especially for the medium and high energy-intensive enterprises. The role of the branch organizations is also very important in the LTA process. They need to consult their members and find motivated enterprises that will improve their energy efficiency facilitated by the LTA tools like EPS and EEI-monitoring.. It is crucial to have commitment from (general) management and other key individuals, for example Director of Department or Head of EE or Environmental Management Section.

8. Mrs. P. Paunova

Our vision is the same. The high level personnel should be engaged in the entire process, otherwise it will turn a failure. I can assure you, that we inform the Executive Directors. After this three day training session, we will send a brief review to the management, to acquire people that are interested and thus contribute to the success of the project.

9. Mr. Alexander Penchev

The larger companies have energy efficiency departments. They are very well acquainted with the status in the enterprises.

10. Mrs. P. Paunova

I would like to introduce to you all Mrs. M. Popova – Executive Director of cluster “Srednogorie”. Her participation can be very useful. Agreement could be signed with this cluster.

11. Mrs. M. Popova

Dear colleagues, I will introduce the project to the management of the four enterprises from the copper-producing industry and the municipalities located in the region.

12. Mr. I. Jeliakov

I would like to return the conversation to the indicative objective of the EU Directive.

13. Mr. K. Naydenov

The indicative objective is 9% for energy savings at the end use energy production for 9 years.

It should be noted that with the increase of the GDP, the end energy consumption will increase, especially in the household (2 times less than EU) and in the transport sectors.

Incentives are sought for stimulating the fuel and energy companies to apply EE measures. Discussed are the possibilities for introduction of white certificates & acquire the Italian experience.

14. Mr. Ivan Shishkov – Sofena

I have one question – will a normative document be established, related with the Directive?

15. Mr. K. Naydenov

There is delay with the Directive. At the end of the year amendment in the RES Law was made. The project can become the main tool for the implementation of the Directive.

16. Mr. Erik ter Avest

The LTA tools offer also effective instruments for fulfilling the requirements of the Energy Service Directive. It should be clear that this LTA implementation project will only be successful if we all work hard and in good co-operation, because the project time is limited to six months due to the EVD grant conditions. I will now comment on the 1% energy saving as mentioned by Mr. Naydenov. In the EPS training course I will demonstrate how to achieve additional energy savings – on top of business as usual. Last week we successfully applied this EPS approach in China, for both energy saving and environmental management.

17. Mr. K. Naydenov

It is important for us to know where to direct our limited resources – in the field of RES or EE. I think that initially we should invest in EE.

18. Mr. Shishkov

I think that it is necessary to define short indicative objectives, because the time is limited.

19. Mr. K.Naydenov

There will be an issue with the enterprises with installations, controlled by the Ministry of Environment and Waters. It is more difficult for the enterprises with large installations, that are under the jurisdiction of the Ministry of Environment and Waters, to apply EE measures. The other enterprises are small and medium size and they apply effectively the EE measures.

According to the Directive, it is necessary to pay attention to the energy for the household. To use power energy as heat energy is luxurious. The other main consumer are the liquid fuels – it is necessary to apply energy saving measures and develop approaches. The transport sector is a big consumer as well. Savings are required. It is a relief that biofuel installations are developed. It is very difficult, because we have to apply these measures very quickly, unlike the case in the other countries where these measures were applied in years.

20. Mr. A.Penchev

I think that we should not consider RES and EE separately. The combination of the two will be very important.

21. Mrs. P.Paunova

In respect to the increasing consumption of the liquid fuels. This is due partially to the poor condition of the railway transport. Our branch enterprises turned to transport by trucks. The worst part is that the conditions do not improve.

22. Mr. K. Naydenov

The transport sector is in very bad condition. Three year EE program is developed. Several fast steps are recommended. There is a special unit dealing with these issues is established at the Ministry of Transport.

23. Mr. I.Jeliazkov

Are there any companies in the Netherlands, that have signed LTA and included in the emissions trading scheme?

24. Mr. Erik ter Avest

Yes, we have such combinations. Both mandatory and voluntary instruments can be applied at the same time. Off course this means that the voluntary agreements should offer (additional) advantages that are not included in ETS.

Almost all Dutch industrial ETS companies participated in LTA1 and participate in this millennium in the benchmarking covenant.

The participation of all relevant Ministries is extremely important. The LTA establish a platform for dialogue between the government, the branch organizations and the companies.

25. Mr. K.naydenov

Question to Mr. Erik ter Avest – Do you think that it is possible LTA agreements to be signed with ESCO companies?

26. Mr. Erik ter Avest

The ESCO company realizes savings, but you have to spend more money for the (same) savings compared to investments made by the company. For that reason I would recommend to use as much as possible Bulgarian and European Funds and when this funding appears to be impossible to consider to use ESCO companies. LTAs will normally be signed with industrial sectors and/or individual companies and not with ESCOs, as their own energy consumption is negligible compared to that of energy-intensive companies. Also there is a high need for commitment from general management of LTA companies and not only for financial interest of ESCOs.

27. Mr. K. Naydenov

We have expectations in the field of buildings - state and municipal.

28. Mr. Erik ter Avest

Sometimes there is a need for ESCOs to demonstrate that energy savings are possible and the required investments have an acceptable paybacktime. You will see that in long-term perspective ESCO will be less and less attractive because of the additional costs..

I have a question to the pilot enterprises. How long will it take to collect the relevant EPS input data?

29. Mr. A.Penchev

I think that in the larger companies these data are available. They should be systematized to the needs & requirements of the project. It will be more difficult with the small and medium enterprises. They usually follow the end consumption.

30. Mr. Erik ter Avest

In respect to process data that are considered confidential, I would like to note that the use of this type of data is necessary. The data will not become public, but will be aggregated for the preparation of summary review on the EE status.

31. Mrs. P. Paunova

How did you select the external consultants? Can we invite consulting company, operating in our field?

32. Mr. A. Penchev

The main criteria is these companies to be certified by the EEA.

33. Mr Erik ter Avest

This applies for the Bulgarian energy audit. The Energy Potential Scan needs an other mix of competences for the consultants as a consequence of the participatory approach.

Discussion took place on the objectives and the role of working (target) group 2, after the presentation of Mr Erik ter Avest. The following conclusions were made:

1. Mrs P. Paunova

I have a recommendation for better organization and provision of information.

2. Mrs. Anna Kamburova

I rely very much on the active participation and contribution of the representatives of the different ministries, involved in the project.

3. Mr. A. Penchev

The authority that the representatives of the state administration and the companies participating in the project have is of high importance.

4. Mr. Ognian Markovski

I see EEA participation in the discussions of the incentives.

5. Mr. Erik ter Avest

My suggestion is to inform management of both branch organizations and member companies, as we need motivated pilot LTA companies as a consequence of the limited project period of six months..

It is desirable to send the work program to the branch organizations and the companies. It is also recommendable to have potential companies as participants in these meetings including explanations, clarifications, trainings and

discussions. This enforces the participatory process and co-operation that is needed for successful LTA implementation

6. Mr. A. Penchev

I would like to briefly summarize. Will be prepared & send:

- Time schedule with the number & place of meetings;
- Manner of structuring of the Working Group (WG);
- Participants;
- Authority of the representatives in the WG
- Sending brief information to the Directors of the companies;

The deadline for sending this information by e-mail or fax is Wednesday, March 21st, 2007.

Within the next 7 days we will be expecting comments and recommendations. In the information we will put possible day and hour for meeting.

7. Mrs. Anna Kamburova

I suggest that we select a Chairman.

8. Mr. Penchev

You will receive our opinion. On the meeting we will discuss the suggested person.

9. Mrs. P. Paunova

The materials should be sent to all the participants.