A combination of measures and investments from the current version of the National Recovery and Resilience Plan may lead to a rapid coal exit in Bulgaria, according to an analysis. The country told the European Union that it would replace its largest coal-fired thermal power plan with gas and that it may cancel two power purchase agreements with privately-owned systems that use the polluting fuel.

Bulgaria's caretaker cabinet has laid out forthcoming projects and intended moves that indicate the possibility that the country would abandon coal altogether by the end of the second quarter of 2025, according to a report by Kapital.bg. Namely, the National Recovery and Resilience Plan that was sent to the European Commission for approval revealed Maritsa iztok 2 or Maritsa East 2, the country's largest coal-fired power plant, would be replaced with a gas system by mid-2025.

Two long-term power purchase agreements with firms that run other facilities in the same energy complex are distorting the market and will be terminated by the end of second quarter of 2022, the article adds, citing the document. The news outlet pointed out the announced move refers, without a doubt, to private companies from the United States.

Saving Maritsa East 2

It earlier reported that the government intends to cancel the deals with the firms that operate Maritsa East 1 and Maritsa East 3 as a condition to keep the troubled state-owned Maritsa East 2 afloat. If all three plants are closed, state-controlled coal mining company Mini Maritsa iztok will have no one to sell the harmful fossil fuel to, according to the article.

The planned 1 GW gas power plant can almost entirely replace the Maritsa East coal complex

The basin produces almost all of the country's lignite. The 1.6 GW Maritsa East 2 is the country's largest coal plant, but it only uses 300 MW on average, according to the report. The two other systems in the complex work at half the 1.57 GW nameplate capacity, it added.

Kapital highlighted the fact that the National Recovery and Resilience Plan implies the replacement 1 GW gas power plant could only be built at the site of Maritsa East 2, raising competition concerns. The project is estimated at EUR 850 million, of which the government counts on EUR 255 million from the plan and an equivalent sum from the Modernization Fund, while the rest would be from private sources.

Hesitant to act

Bulgaria has so far refused to accelerate coal phaseout plans as it stuck to the 2050 final EU deadline. Other countries in the region have lately also been canceling thermal power plant projects and pushing forward coal exit ambitions without announcements from top officials.

State-owned enterprises are under pressure from carbon dioxide emission costs or, in the case of the Western Balkans, the EU's upcoming Carbon Border Adjustment Mechanism, essentially a CO2 tax for importers.

Some governments in the region are hesitant to take responsibility for the energy transition to renewables as it implies massive job losses in the fossil fuel sector, especially in mining. On the other hand, the blow can be softened with EU's funds while delaying action may increase costs significantly in the long run. Others, especially Greece and North Macedonia, are pushing ahead with ambitious targets.

Minimum at most

Caretaker Prime Minister of Bulgaria Stefan Yanev said in late June that Maritsa East 2's capacity would be cut to "a minimum" but that it can't be closed due to its strategic importance. The country leans on coal a lot also for district heating and it has other thermal power plants as well though projects are underway to gradually switch to green energy.

Of note, Organized Crime and Corruption Reporting Project (OCCRP) wrote last week that operators of coal power plants Bobov Dol and Brikel may have avoided paying between EUR 26.6 million and EUR 32.2 million in total in CO2 emission expenses in the three years through 2020 by publishing inaccurate data.

Government to direct EUR 449 million into solar power plants with battery storage

The interim cabinet proposed in the National Recovery and Resilience Plan to direct EUR 970 million in grants and EUR 1.12 billion in cofinancing into the energy sector. Most of the free funds would partially back solar power projects with battery storage, EUR 449 million, followed by electricity and gas transmission and hydrogen and geothermal energy endeavors.

Bulgaria set a minimum goal of 1.7 GW in new photovoltaics, which would double its capacity, separated into six semiannual tenders starting next year. Big projects under development in Haskovo and Harmanli could become beneficiaries of the scheme. There is also the possibility to install solar power plants in former coal mines in the Maritsa East area.

The government in Sofia intends to subsidize households with EUR 72 million for rooftop photovoltaics

Another item, EUR 72 million, covers small rooftop photovoltaics. The initial proposed sum was EUR 10 million. Households would be eligible for EUR 3,100 to EUR 5,600 per solar power system and those in risk of energy poverty may receive a 100% subsidy. Those not connected to district heating or gas will be able to apply for subsidies for solar thermal systems.

The EU’s Recovery and Resilience Facility earmarked EUR 10.4 billion for Bulgaria, of which EUR 6 billion in grants, compared to the EUR 10.7 billion and EUR 6.5 billion, respectively, that the government is asking.

Source: Balkan Green Energy News