

As EU member Bulgaria aims at 16% share of RES in end energy consumption by 2020. By September 2015 the rate is 27% or 7,049,909 MWh. Installation costs are normally higher for green power plants, which is why their electricity is more expensive than the power made by conventional plants. To compensate the price margin countries with obligations to achieve a certain share of RES in end consumption apply various schemes for subsidizing such green power plants.

By far Bulgaria's electricity market is not fully liberalized, meaning there are both a free market with a share of about 40% and a regulated market with a 60% share. Until recently RES power has been supplied only to consumers on the regulated market - households, small businesses and some medium-sized companies.

The full liberalization of the energy market depends on the market integration of RES. Currently, green power producers have long-term contracts for electricity purchase at preferential prices (feed-in-tariff). The latter is common in many countries in Western Europe and is normally combined with a mechanism enabling the trade of green power on free markets as well.

Such mechanism has not been applied in Bulgaria but with the last amendments to the RES Power Act from July 24, 2015 green power plants, which exceed their "net specific production", could sell the surplus electricity on the free market or to the ESO (Electricity System Operator) at surplus tariff.

Since the surplus pricing, offered by the ESO, is incredibly low, RES power producers are stimulated to sell on the free market. After the last amendments the first RES power makers, mostly big and medium-sized plants, have entered the free market.

The market model plays a key part in the integration of RES. Interday markets with intervals of 15 min and 1 hour provide the necessary flexibility for traders and producers of green power and thus contribute to enhancing predictability and security of deliveries.

Another key factor for balancing RES power plants is the option to trade on international markets. In Europe there are market alliances, aiding export and import of electricity.

Bulgaria's accession to such and to the single European energy market is the next major priority of the Bulgarian energy sector after the complete market liberalization.

Source: ATEB Bulgaria