EUROPEAN COUNCIL ON FOREIGN RELATIONS

CLIMATE POLICY HANDBOOK

The Implementation of the European Green Deal in Bulgaria. Regional Perspectives

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Introduction

The Sofia office of the European Council on Foreign Relations (ECFR) has been working for four years on a project focused on the implementation of the European Green Deal in Bulgaria. During this time, the team has explored various dimensions of the transition to climate, including public attitudes towards EU and national climate policies, the readiness of Bulgarian businesses to decarbonise, the regional context of the climate debate, and the state of cooperation on decarbonisation initiatives and joint responses to shared challenges.

The current **"Climate Policy Handbook"** is based on the results of a series of ECFR Sofia's surveys, interviews and expert discussions, a summary of key messages, as well as observations from our research in the region. It aims to support policymakers and experts to (a) better align political programmes with public perceptions on climate issues, and (b) effectively explain the EU initiatives on green transition.

Public Sentiments and Policy Challenges in Bulgaria's Energy Transition

Bulgarian citizens are navigating the energy transition in a context marked by limited political engagement, low visibility of climate policies, and minimal public debate. This vacuum has been filled by widespread anti-European Green Deal rhetoric, often amplified by populist and hybrid media campaigns, likely backed by Russian interests. Despite this, research by ECFR Sofia shows that when climate information is presented in a calm, expert-led, and reflective setting, Bulgarians can and do revise their views in support of the green transition. This shift is rooted in a growing awareness of climate risks and an appreciation for Bulgaria's position within a transforming global and European economy.

A significant positive impact on the public understanding and experts' engagement of climate policies and agenda was made by the active Bulgarian government involvement in COP28 (Dubai) and COP29 (Baku), the campaign Bulgaria to host COP29 (blocked by the Russian Federation) and Bulgaria hosting the 61st Plenary Session of the Intergovernmental Panel on Climate Change (IPCC) in 2024 in Sofia.

Public Perception and Behaviour

ECFR surveys show that Bulgarians tend to resist behavioural changes that involve significant personal cost or lifestyle disruption. For instance, support for purchasing electric vehicles is relatively low compared to backing for measures like recycling waste and clothing or volunteering in urban greening initiatives. However, Bulgarians express a strong preference for government system-level solutions and display stronger policy support when confronted with the broader climate challenges. For instance, the majorities see the role of the state in implementing various policies, such as energy efficiency measures, replacing wood and coal stoves with cleaner technologies, replacing diesel cars with electric cars, etc. Further work is needed to trace how active hybrid narratives affect climate and energy transition narratives.

Limited Access to Information

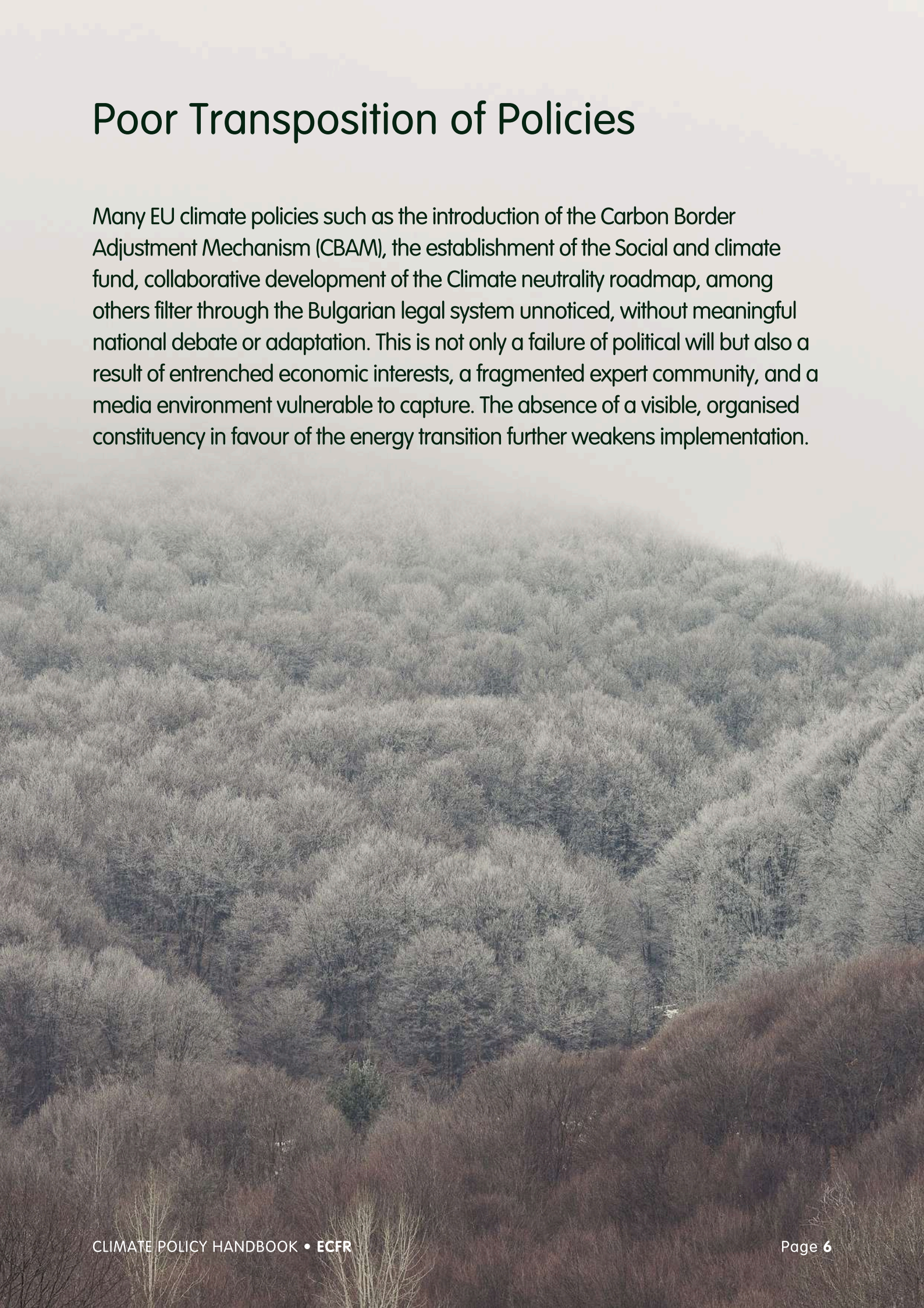
A key obstacle is the scarcity of clear, accessible, and trustworthy information about changing climate and the possible adaptation and mitigation measures, incl. the energy transition. Many citizens form opinions based on fragmented or misleading sources often based in social media and with non-credible origin. There is a visible demand for expert-driven, locally relevant communication and early-stage education. ECFR's research suggests that a shift from abstract policy talk to personalised, success-based narratives—highlighting how individuals and communities' benefit—can significantly increase support.

Weak Political Communication

Successive Bulgarian governments have largely avoided public discussion of EU climate policies, especially regarding the coal phase-out. Political parties remain silent, fearing electoral backlash and lacking both the expertise and institutional capacity to communicate complex climate measures. At the same time the ECFR surveys show positive public attitudes towards the energy transition. For example, almost twice as many respondents (31%) say they would support a political party committed to phasing out coal by 2030, compared to those who would back a party opposing such a measure (16%). The lack of narrative leadership leaves space for populist manipulation and further public confusion.

Poor Transposition of Policies

Many EU climate policies such as the introduction of the Carbon Border Adjustment Mechanism (CBAM), the establishment of the Social and climate fund, collaborative development of the Climate neutrality roadmap, among others filter through the Bulgarian legal system unnoticed, without meaningful national debate or adaptation. This is not only a failure of political will but also a result of entrenched economic interests, a fragmented expert community, and a media environment vulnerable to capture. The absence of a visible, organised constituency in favour of the energy transition further weakens implementation.



General Policy and Communication Recommendations

Develop Clear, Localised Narratives
Move away from abstract frameworks. Emphasise real-world, local examples of how the energy transition brings measurable benefits to households and communities.

Promote Small-Scale Projects
Campaigns showcasing energy-efficient renewable technologies can counter the legacy perception of large, centralised energy systems as the only viable model. Small-scale projects, by contrast, actively involve the local population and allow for direct financial benefits at the community level.

Expand Expert-Led Communication
Bulgarians respond positively to trusted experts. A coordinated effort involving more experts in more public forums—the so-called "Winnie the Pooh approach"—could significantly improve public understanding.

Engage Politically
Contrary to prevailing fears among political elites, public engagement with EU green mechanisms carries low political risk. There is a clear public appetite for credible, well-framed information.

Analyse Narrative Ecosystems
Further study is needed on how Bulgarians relate to the energy transition: through economic concerns, identity, fairness, or geopolitical narratives. Understanding these lenses will help tailor communication and policy design.

Adaptation of the Bulgarian Business

The European Green Deal is a major initiative with wide-ranging implications for businesses. Several key regulations will have a significant impact - such as the extension of the emissions trading system (ETS) to the building and transport sectors, including passenger and maritime transport, and the introduction of the EU's CBAM. Lack of impact analysis and clear communication lead to uncertainties, especially among the small and medium size companies.

A large part of the country's heavy industry is included in the EU's Emissions Trading System (ETS). For instance, many companies in the chemical industry rely on raw materials from Turkey, Russia, and Ukraine, and the cost of these inputs is expected to rise. However, these adjustments are expected to create a more balanced system in the long term.

The logistics sector notes that it is already tracking emissions, as partners in Western Europe are using multimodal transport and require emissions data. In industries like textiles, companies are being pushed to adapt their production processes.

Since 2023, there has been a noticeable trend to invest primarily in solar and storage projects. Competitiveness has become a key issue - European companies often struggle to compete globally, not because of inefficient systems, but due to high energy costs driven by reliance on fossil fuel imports.

To make the system more resilient and adaptable, investment needs to triple. While many companies invested in renewables during 2022–2023, technological emissions remain a challenge. Businesses are now looking for support tools - not necessarily direct subsidies, but financial instruments that can improve access to capital and ease investment conditions.

Industry-related Policy and Communication Recommendations

Engage Industry in Strategic Dialogue
Bulgarian policymakers must initiate structured, ongoing dialogue with industry representatives—particularly from energy-intensive sectors—about the implications of the European Green Deal. Engagement must go beyond consultation to include co-design of policy tools, ensuring that decarbonisation measures align with sector-specific challenges and export realities.

Frame the Energy Transition as a Pillar of Competitiveness
The transition to clean energy should not be framed as a cost, but as an opportunity to enhance Bulgaria's industrial competitiveness. Rising fossil fuel costs and carbon pricing mechanisms (ETS2, CBAM) could challenge the position of Bulgarian exports. Affordable renewables, battery systems, and a reliable grid must be seen as tools to lower production costs, increase predictability, and attract investment in clean manufacturing.

Invest in Wind Power, Batteries, and Grid Expansion
To stabilise electricity supply and reduce price volatility, investment must accelerate in wind energy, battery storage, and electricity grid upgrades. These investments are vital not just for decarbonisation, but also for market stability and economic growth. A modern grid enables flexibility and lowers industrial risk from energy price spikes.

Conduct Detailed Analysis of ETS2 and CBAM Impacts
A dedicated national study on the effects of ETS2 and CBAM is urgently needed. This should include sector-specific modelling, trade flow analysis, and risk exposure mapping for Bulgarian industry. The findings should inform both government strategy and tailored communications to SMEs, which are especially vulnerable to policy uncertainty.

Develop Sophisticated Financial Instruments

The Bulgarian government should facilitate the introduction of blended finance, guarantee schemes, green bonds, and other tools that improve access to capital for businesses investing in clean technologies. These instruments will allow industry to invest at scale and at lower risk, while reducing the fiscal burden on the state.

Ensure Electricity Market Functionality – Do Not Suppress Prices Artificially

Artificial flattening of electricity prices across all users risks discouraging investment in energy efficiency, storage, and renewables. Price signals must remain intact to allow market forces to drive rational behaviour and support the transition. Vulnerable consumers and key industries can be protected through targeted support, not across-the-board price distortion.

Strengthen Communication and Awareness Efforts

Clear, proactive communication is essential. The government, regulators, and business associations must jointly communicate what is changing, why it matters, and how industry can respond. This includes explaining long-term benefits, addressing disinformation, and offering sector-specific guidance on compliance and opportunities under the European Green Deal.

Regional Perspectives

ECFR's work on the region of Southeast Europe (SEE), with a focus on Greece and Romania, provided useful insights on the evolution of the climate thinking across the region. SEE stands at a critical energy crossroads. The region has vast natural and human resources, strategic geographical importance, and a growing recognition that the future must be built on a clean, secure, and modern energy system. Policymakers across SEE should now focus their policy development and communication on four interconnected pillars: interconnectivity, transparent markets, renewable energy sources (RES), and energy storage.

A Political, Social, and Security Priority

The electricity prices in SEE are not just a technical or economic topic. They are a deep political, social, economic, and security issue. Recent trends have shown that electricity prices in SEE have been consistently higher than in other parts of the EU, creating significant pressure on households, businesses, and governments alike.

However, it is essential to communicate clearly: **high electricity prices are not the result of renewable energy development**. On the contrary, data clearly shows that renewable energy sources (RES) are actively lowering wholesale electricity prices, increasing supply security, and reducing dependence on volatile fossil fuel markets. Countries with higher shares of renewables are experiencing more stable and competitive prices.

The Case for a New Southeast Europe Energy Framework

Renewables alone cannot drive the energy transition if they are embedded in a regulatory, market, and infrastructure environment designed for the energy systems of the past. To fully unlock the potential of clean energy, Southeast Europe urgently needs to advance:

- Grid modernisation and enhancement of cross-border capacity.
- New market rules that recognise the characteristics of renewables and support flexible operation.
- Closer cooperation between Transmission System Operators (TSOs) and regulators to optimise the use of interconnectors, improve balancing, and better manage regional electricity flows.

Electricity flows between SEE and Central Europe continue to face serious limitations—not due to lack of generation capacity, but by bottlenecks in grid infrastructure and regulatory barriers. A key communication priority is explaining why strengthening cross-border capacities is not just a technical issue, but a matter of improving affordability, reliability, and resilience.

Market-Driven Transition

Today, markets are allies of the clean energy transition. Market signals support innovation, encourage investment in new technologies, and guide resources towards the most efficient solutions. Suppressing these signals — through flat subsidies, blanket price caps, or limiting profits of RES producers — risks undermining investment confidence, slowing the energy transition, and prolonging the region's dependence on costly fossil fuels. Instead, SEE countries should focus on:

- Implementing fair and efficient policies for compensating energy poverty (rather than suppressing energy prices across the board)
- Developing demand-side response (DSR), empowering consumers to actively participate in balancing the system.
- Investing in modern IT infrastructure, artificial intelligence, improved forecasting models, and advanced research to better predict consumption and generation patterns.
- Refraining from flat across the board energy price subsidies and restricting profits of renewable generation.
- Introducing climate laws with clear sectoral milestones aligned with the EU 2040 and net zero emissions targets will help in building much more predictable investment environment.

SEE must also accelerate the integration of Western Balkan power markets with the EU internal energy market. Full market integration would unlock significant efficiencies, promote competition, and create new opportunities for RES investment.

Diversifying the Energy System: Beyond Gas

Gas is often promoted as a "transition fuel". However, data shows that in most countries in Europe, and beyond, it is renewables and energy efficiency that displace coal. In SEE, gas brings price volatility, energy security concerns, and geopolitical risks. The region must avoid deepening its dependence on gas, especially in defining electricity prices, where gas-fired plants often set marginal prices. Communication efforts should clearly promote the message that reducing the role of gas is essential for both affordability and security.

Instead, SEE should focus on developing domestic renewable resources — solar, wind, hydro, biomass — and prioritising energy efficiency (EE). Energy efficiency must come first, given its multiple benefits: reducing consumption, lowering bills, improving public health, and cutting emissions.

Short- and Medium-Term Solutions

While nuclear energy may play a role in the future energy mix, it cannot deliver the short- and medium-term solutions that SEE urgently needs. The construction timelines, costs, and political uncertainties surrounding nuclear projects mean that they are not an answer to the current energy crisis. Instead, SEE can focus on technologies that are available and scalable today, including:

- **Hydropower storage**: Enhancing and modernising existing hydro assets, and developing new pumped hydro storage projects, to provide flexible backup for RES.
- **Battery storage**: Deploying utility-scale and distributed battery systems to stabilise the grid and optimise renewable integration.
- **Heat pumps**: Promoting the use of heat pumps — both domestic and industrial — as an alternative to fossil-fuel heating.
- **Geothermal energy**: Exploring SEE's geothermal potential, particularly in countries like Bulgaria, Croatia, Serbia, and North Macedonia, for heating and possibly for electricity generation.

By promoting these technologies, SEE can position itself as the "battery of Europe", providing not just a stable energy supply but crucial flexibility services to a decarbonising continent.

Enormous Potential, Many Solutions

Southeast Europe has enormous energy potential. Unlocking it requires:

- Building new RES capacities across the region.
- Strengthening grids and cross-border links.
- Embracing transparent, competitive energy markets.
- Investing in flexibility, storage, and digitalisation.
- Deepening EU integration and regional cooperation.

Above all, the narrative must emphasise that there are many solutions, not one — and that **SEE is not a problem to be managed, but an opportunity to be seized**. By acting now, SEE can not only lower prices and increase security but also become a leader in Europe's clean energy transition.

Regional Policy Recommendations

Let Markets Work — No Suppression of Market Signals

- Do not suppress electricity price signals through flat-rate subsidies or price caps. Market signals are currently supporting the energy transition by directing capital to renewables, storage, and efficiency.
- Policies must reward flexibility, innovation and efficiency. Distorting market incentives discourages investment and prolongs fossil fuel dependence.
- Additionally, governments should avoid direct competition with private investments through state-owned companies that often benefit from protectionist policies, cross-subsidies, or preferential financial structures. Such practices distort the level playing field, reduce investor confidence, and undermine the development of a competitive and innovation-driven energy market.

Ensure Long-Term Predictability Through Climate Legislation

- SEE countries should adopt national climate laws that are clearly aligned with EU 2030, 2040, and 2050 climate targets.
- Legislation must include sectoral milestones to provide a stable investment environment for energy, transport, and industry.

No Flat Subsidies – Target Support Where Needed

- Shift from blanket energy subsidies to targeted support for vulnerable households and strategic sectors.
- Avoid suppressing profits in renewables, battery storage, and other clean technologies – these actors are taking market risk and should be rewarded for contributing flexibility and decarbonisation.

Accelerate Grid Development and Regional Integration

- Prioritise grid upgrades and cross-border capacity expansion to unlock the region's full renewable potential.
- Facilitate regional electricity market integration, particularly for the Western Balkans, to increase competitiveness, flexibility, and energy security.

Invest in Storage and Dispatchable Renewables

- Deploy utility-scale batteries, pumped hydro, and thermal storage to stabilise renewables and reduce peak prices.
- Encourage heat pump deployment and modernise hydropower to maximise dispatchable, low-carbon energy assets.

Fast-Track Wind Deployment to Complement Solar

- Address regulatory and permitting barriers that have slowed wind development.
- Wind energy offers generation in seasonal and daily patterns that complement solar PV, reducing volatility and reliance on imports or gas.

Efficiency First: the Cheapest Energy is the One Not Used

- Mandate energy efficiency first principles in building renovation, industrial policy, and grid planning.
- Support high-impact efficiency investments with EU and national funds, and embed them into climate resilience plans.

Regional Communication Recommendations

Communicate that High Prices Are Not Caused by Renewables

- Clearly explain that countries with higher shares of renewables are experiencing more stable and lower electricity prices.
- Show evidence that gas, not green power, sets high marginal prices, and that phasing out fossil fuels increases affordability.

Explain the Role of New Infrastructure in Lowering Prices

- Communicate the link between grid bottlenecks and high local prices.
- Use clear visuals and case studies to demonstrate how interconnectors and smart grids lead to price drops and improved reliability.

Shift Narrative from "Burden" to "Opportunity"

- Emphasise SEE's energy potential – abundant solar, hydro, wind, and geothermal.
- Frame the region as a flexibility hub for Europe, not as a laggard in the transition.

Use More Impact Studies and Data-Based Messaging

- Commission and publish sectoral impact studies on ETS2, CBAM, gas phase-out, etc.
- Create a regional data portal for policymakers, media, and business with interactive tools and regular expert briefings.

Highlight Co-Benefits: Jobs, Health, Independence

- Promote how the energy transition brings clean jobs, public health improvements, and reduced dependence on imported fuels.
- Show real stories of resilient communities, efficient buildings, and innovative SMEs.

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