

# **CEECAP – Implementing EU Appliance Policy in Central and Eastern Europe**

## **National Market Introduction Plan - Bulgaria**

### **1. Introduction**

The project is developed with the aim of supporting Central and Eastern European countries in creating suitable conditions for implementing appliance labelling and efficiency policies in accordance with EU Appliance efficiency Acquis and programmes.

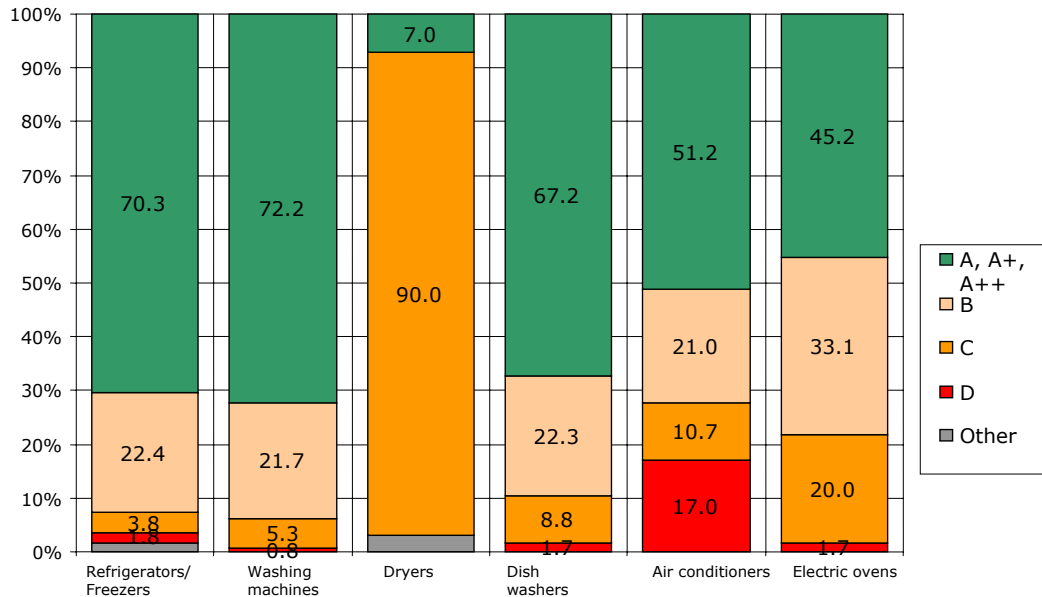
It aims to increase expertise and experience regarding the verification and enforcement, market introduction aspects, strengthen relationships between stakeholders and the start up of national actions to improve energy efficiency.

Main activities are the identification of the national experts and decision maker leaders, their training, design and preparation of national appliance labelling and efficiency actions, set-up of a national multi-disciplinary committees as a forum for discussion about best practices, cooperation opportunities and knowledge transfer.

The results will be an improved policy infrastructure for appliance labelling and efficiency and the future EU policies; a verification infrastructure for product and retailer compliance; collaborative activities to increase the consumer response to labels; and the establishment of a platform for information exchange and transfer.

### **2. Overview of market characteristics and main stakeholders**

The Bulgarian market of household appliances is constantly growing the last five years, though there is still large amount of old (more than 15 years) appliances present in Bulgarian households. The total volume of home appliances market for the year 2005 is estimated at approximately 650,000 sold product units. The figure below shows the sales of different appliances by energy class.



The main **governmental institutions** in the country who are responsible for informing market players and consumers about their obligations concerning energy efficient labelling and about the benefits of energy efficient appliances are The Ministry of Economy and Energy q Energy efficiency agency and the Commission for Consumer Protection. Currently the activities of those organisations are estimated as limited to have significant impact on both market stakeholders and final consumers.

There is one local **manufacturer** in the country producing electric ovens. Most of the big international appliance manufacturers are present at the Bulgarian market. One general opinion of the manufacturers is that there is a practice of falsifying labels. This includes misrepresentation of information, false and misleading information, etc. Verification also appears to be a problem with the appeal for a more active role of the state in the process of verification.

There is no clear distinction at the market between **importers, wholesalers, distributors and retailers** and approximately 80% of the sales are concentrated in two big retailer's chain (acting also as importers of main appliance brands) having stores in most of the big cities in the country. Some of the retailers also have their own retailer's brands, which are produced in Turkey and are generally in the low price segment. The main factors that determine the range of products in shops are price - the most important and energy class - becoming more and more important over the last years. All retailers explicitly support the introduction of energy efficient products, especially in the home appliances segment. The biggest obstacle to the introduction of more energy efficient products is the price. No special training is provided for the salesmen.

Most of the market stakeholders including manufacturers, importers and retailers have declared high support to the development and implementation of national appliance energy efficiency program and especially activities related to consumer awareness and setting up a national system for financial incentives.

### **The general public**

The average monthly income in 2005 varies between 150 and 230 BGN (75 – 115 EURO) per member of household. Compared to the income level, the price level of household appliances is still quite high, even if they are lower than the average prices in other European countries. That is why the majority of realized sales are in the low-to-middle price levels.

The purchase of a new appliance is a significant burden for an average household and the main reason for purchase of low-price and quality products. Price levels continue to be the most important consideration when customers make purchasing decisions. At the same time the current stock of appliances in the country is significantly old – more than 50% of the refrigerators and electric ovens used in the households are more than 10 years old.

#### *Penetration of main household appliances and trend of purchases*

Type of appliances*	Possession	Years of usage / Purchases			
		2-5 years	5-10 years	above 10 years	Purchased last year
Electric oven (cooker)	90,0%	11,4%	20,7%	53,9%	4,0%
Refrigerator	94,8%	11,5%	26,2%	54,3%	2,8%
Freezer	46,1%	10,8%	20,5%	12,8%	2,1%
Washing machines	68,5%	14,8%	26,1%	22,8%	4,8%
Dish washers	4,5%	1,3%	1,8%	0,9%	0,5%
Air conditioners	9,1%	5,0%	2,1%	0,1%	1,9%

### **3. Existing problems (barriers) to the effective penetration of high energy efficient appliance in the country**

#### **3.1. Barriers related to the national energy efficiency policy**

In Bulgaria there is in place legislative and regulatory framework for application of the European requirements concerning energy labeling of household appliances. However the following barriers were identified to the effective implementation of the legislation.

- The practical activities for implementation of the requirements of the regulatory framework and promotion of market transformation are insufficient as yet. This is due above all to the low priority of the activities related to the energy efficiency of household appliances.
- At the policy-making and management level there is also certain deficiency with respect to the knowledge and skills related to development and application of national programmes for promotion of the energy efficiency of household appliances, as well as about the specific benefits from the implementation of such programmes for the entire country.
- There is not enough financial resources allocated to government institutions to develop and implement national promotion activities related to energy efficient labelling

#### **Desired situation**

- The efficiency of household appliances is promoted as a priority of the national energy efficiency policy.
- The decision makers and experts from the governmental institutions, who are involved in the working out and enforcement of the national energy efficiency policy, possess adequate knowledge and skills about the benefits from the energy efficiency of household appliances, as well as the capacity to develop and apply policies and measures in that sphere, including the tools for monitoring of the results
- Government institutions have enough budget delegated for implementation of national market promotion activities

#### **Actions needed:**

In order to have the appliance energy efficiency promoted as a national priority there is a necessity of raising the awareness on all major aspects related to development, application and monitoring of the policy of energy efficiency of household appliances and evaluation of its impact. Successful international practices in the field of national policies and programmes for

energy efficiency of household appliances should be collected and analysed by experts and decision makers from Ministry of economy and energy and the Energy efficiency agency. On policy level different scenarios should be analysed and discussed for application of different policy and market instruments including forecasts estimated results in terms of energy and cost savings and reduction of GHG emissions.

*CEECAP project activities:*

- The project will point to the attention of policy and decision makers towards the necessity of higher priority of household energy efficiency in particular appliance efficiency. This will be done by collection and presentation of European examples of successful national implementation of market transformation programs.
- The project will support government institution in the development of different policy and market scenarios and estimation of the results of different instruments applied
- The project will support Ministry of economy and energy and the Commission for consumer protection to estimate the resources necessary for implementation of targeted market activities

### 3.2. Barriers related to retailer knowledge concerning energy efficiency of appliance

Though most of the retailers are well aware of the existing legislation concerning the energy labelling, there are still problems with their current knowledge and actions on the topic:

- Still a lot of appliances in the shops are not labelled, this counts especially for the appliances from the 'retailer brands which are in the lowest price segment and are expected to be with very high energy consumption.
- Information about energy class is missing in internet or other trade catalogues
- The retailer staff (salesmen) lack specific knowledge and arguments to the consumers for purchasing energy efficient appliances

*Desired situation:*

- Labels are present in all shops and internet or other trade catalogues and on all kind of products in the country.
- Retailers gradually change the range of products in their shops towards high energy efficient appliances.

- Retail staff is providing customers with proper information on the benefits to purchase more expensive, but energy efficient appliance.

*Actions needed:*

Retailers invest resources to train their own staff to provide customers with the proper information about energy efficient appliances. In parallel to the implementation of the verification and enforcement procedures information activities are organized for retailer in order to increase the number of labeled appliances in shops and to include information about energy class in the trade catalogues.

**CEECAP activities**

- Motivate retailers to train their own staff by provision of relevant information on the benefits of purchase of efficient appliances
- Motivate the Commission for consumer protection to organise specific training workshops for retailers to explain their role and responsibilities for labelling products and to inform them on planned verification activities for shops compliance and possible tests for non-compliance with the declared energy class
- Facilitate the cooperation between the government institutions and market stakeholders on implementation of the labelling regulations

**3.3. Barriers related to consumer and environmental NGO involvement and media**

NGOs and media are gradually changing their attitude towards the topic of energy efficiency the recent years presenting more and more information to end user on the benefits of saving energy. However still the following gaps could be observed:

- There are no activities from consumer and environmental NGOs in the country towards education and awareness raising of end consumers
- The media is not providing any information on the energy saving effects from the use of efficient household appliances
- The NGOs and media themselves do not have enough knowledge and lack information on the topic

## Desired situation

- Mass media, environmental NGOs and consumer associations have sufficient knowledge to provide specific information on energy efficient labeling to end use consumers.
- They are regularly organizing workshops, events and information campaigns at national and local level.

## Actions needed

Specific training programme should be developed and implemented targeted to NGOs and media. Further joint activities should be coordinated between government institutions, market stakeholders, media and NGOs for provision of information to final consumers. The NGOs themselves should actively organize local workshops and meeting to promote energy efficient labeling and explain the benefits of purchase of high efficient appliances.

## CEECAP activities:

- Provide information for the training programme and participate in the training upon request of the relevant institutions
- Provide information to media and NGOs for theirs advice and promotion activities
- Facilitate the coordination of activities between all kind of organizations – government, market and NGOs

## 3.4. Barriers related to final consumers and corporate buyers

- Low awareness and information of consumers with respect to the energy efficiency of household appliances,
- Lack of accessible methods for calculation of benefits and savings resulting from the purchase of more efficient appliances
- High energy efficiency of appliances is not among the procurement criteria of corporate buyers
- The initial investments for purchase of highly efficient appliances are relatively high for the average Bulgarian consumer. This leads to strong domination of the market by low-price class levels, which in general means low quality level and low energy performance

## Desired situation

- Targeted information is regularly provided to end-users via different information channels – media, internet, retailers, NGOs, etc.

- Corporate buyers are well informed on the benefits of purchasing high efficient appliances
- Different scenarios are developed and analyzed for the introduction of consumer incentives for purchase of efficient household appliances.

### Actions needed

Communication strategy aimed at end-users should be developed and further implemented in close cooperation between all parties – government institutions, large retailer chains and manufacturers, media and NGOs. Temporary information centers should be set up in large commercial sites. National events, press-conferences and other events devoted to the energy efficiency of household appliances should be organized jointly with MEE and EEA, information centers should be set up at the municipal administrations and district centres. Meetings for elucidation of the benefits from efficient appliances should be organized for corporate buyers (for instance hotels, offices etc.). Recommendations will be worked out for approval of criteria for supply of appliances, which comprise requirements for energy efficiency of appliances. At policy level different scenarios should be developed and discussed on possible financial and or non financial incentives for end users or development of a programme for early replacement of more than 10 years old appliances.

### CEECAP activities:

- In coordination with government and market stakeholders will work on the development of promotional tools
- Will participate in targeted information events organized by government or market stakeholders
- Will support and participate in the development of procurement criteria for appliances purchase by corporate buyers
- Will support the initiation of policy level discussion on the development of incentive scheme and early replacement national programme

## Summary table

Identified barrier	Target	Proposed activities
<b>National energy efficient policy</b>		
Low priority of the activities related to the energy efficiency of household appliances	The efficiency of household appliances is promoted as a priority of the national energy efficiency policy.	Activities are implemented at national level to raise the awareness on all major aspects related to development, application and monitoring of the policy of energy efficiency of household appliances and evaluation of its impact. Successful international practices in the field of national policies and programmes for energy efficiency of household appliances are collected and analysed. Different scenarios are discussed for application of different policy instruments including forecasts estimated results in terms of energy and cost savings and reduction of GHG emissions.
Low political awareness, knowledge and skills on appliance energy efficiency issues	The decision makers and experts from the governmental institutions possess adequate knowledge and skills about the benefits from the energy efficiency of household appliances	
Not enough budget allocated to government institutions for the practical implementation of EU labeling legislation	Government institutions have enough budget delegated for implementation of national market promotion activities	
<b>Retailers</b>		
lot of appliances in the shops are not labelled or not properly labelled	Labels are present in all shops and different catalogues	Retailers invest resources to train their own staff to provide customers with the proper information about energy efficient appliances. In parallel to the implementation of the verification and enforcement procedures information activities are organized for retailer in order to increase the number of labeled appliances in shops and to include information about energy class in the trade catalogues.
Information about energy class is missing in internet and trade catalogues		
Retailer staff lack specific knowledge and arguments for consumers for purchasing energy efficient appliances	Retailers gradually are changing their range of appliances towards high energy classes and staff is providing consumers with appropriate information	

<b>NGOs and media</b>		
Not enough knowledge within NGOs and media and not enough information delivered towards them on energy efficient labelling and appliances	Mass media, environmental NGOs and consumer associations have sufficient knowledge to provide specific information on energy efficient labeling to end use consumers.	Specific training programme will be developed and implemented targeted to NGOs and media. Further joint activities will be coordinated between government institutions, market stakeholders, media and NGOs for provision of information to final consumers. The NGOs themselves actively organize local workshops and meeting to promote energy efficient labeling and explain the benefits of purchase of high efficient appliances
No activities organised on consumer awareness and education on appliance energy efficiency issues by NGOs	Media and NGOs are regularly organizing workshops, events and information campaigns at national and local level	
Media is not providing sufficient information on energy saving effects from efficient appliances		
<b>End use consumers and corporate buyers</b>		
Low awareness and information of consumers with respect to the energy efficiency of household appliances,	Targeted information is regularly provided to end-users via different information channels – media, internet, retailers, NGOs, etc.	Communication strategy aimed at end-users will be developed and implemented. Temporary information centers should be set up in large commercial sites. National events, press-conferences and other events devoted to the energy efficiency of household appliances should be organized jointly with MEE and EEA, information centers should be set up at the municipal administrations and district centres. Recommendations will be worked out for approval of criteria for supply of appliances, which comprise requirements for energy efficiency of appliances. At policy level different scenarios will be developed and discussed on possible financial and or non financial incentives for end users or development of a programme for early replacement of more than 10 years old appliances.
Lack of accessible methods for calculation of benefits and savings resulting from the purchase of more efficient appliances		
High energy efficiency of appliances is not among the procurement criteria of corporate buyers	Corporate buyers are well informed on the benefits of purchasing high efficient appliances	
The initial investments for purchase of highly efficient appliances are relatively high for the average Bulgarian consumer. This leads to strong domination of the market by low-price class levels, which in general means low quality level and low energy performance	Different scenarios are developed and analyzed for the introduction of consumer incentives for purchase of efficient household appliances	

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