

Non paper on accelerated recultivation and repurposing of mining lands for to sustainable industrial transformation and economic activities development

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In accordance with the obligations of "Mini Maritsa-East" EAD under the current Overall work plan, which is an integral part of the Concession Agreement with the Ministry of Energy, as well as in compliance with Article I, item 1.66 of the same, and in relation with item 5.2.10. from Decision No. 655 of the Council of Ministers dated from 13.07.2005, the Concessionaire restores the ground surface disturbed by his work to its original state through reclamation activities. The latter are carried out on the basis of the requirements laid down in Ordinance 26 for the reclamation of disturbed lands, which, according to Article 1.(2) thereof, aim to bring the suitability of the land to a state that can guarantee agricultural or forestry use.

In line with the philosophy of the Territorial Just Transition Plans, the terrains disturbed by the mining activity and subsequently restored by the Concessionaire should not be used for agricultural or forestry purposes, but only for industrial ones. In order to comply with this objective and in line with the overall goal to accelerate the phase out of the mining activities, it is necessary to distinguish among the Concessionaire's obligations according to the current legal acts from the activities that are related to repurposing the terrain to a different technical condition, outside of the reclamation provided for in Regulation 26.

Disturbed terrains that are already free from mining activity are shown below and are coloured in blue. These are external embankments, on which clay materials of several lithological varieties have been poured on undisturbed terrain - blue-green, yellow-brown and partially black clays, which form a common conglomerate of loose earth masses. The latter form terrains with very low load capacity and poor subsidence. The average power (thickness) of the embankment varies from 20 to 50 meters.

The obligations of the Concessionaire are limited to aligning the embankments, which, due to the specifics of the embankment technology, are characterized by the presence of negative and positive forms (piles), with a difference in level between them of 1 to 10 meters.

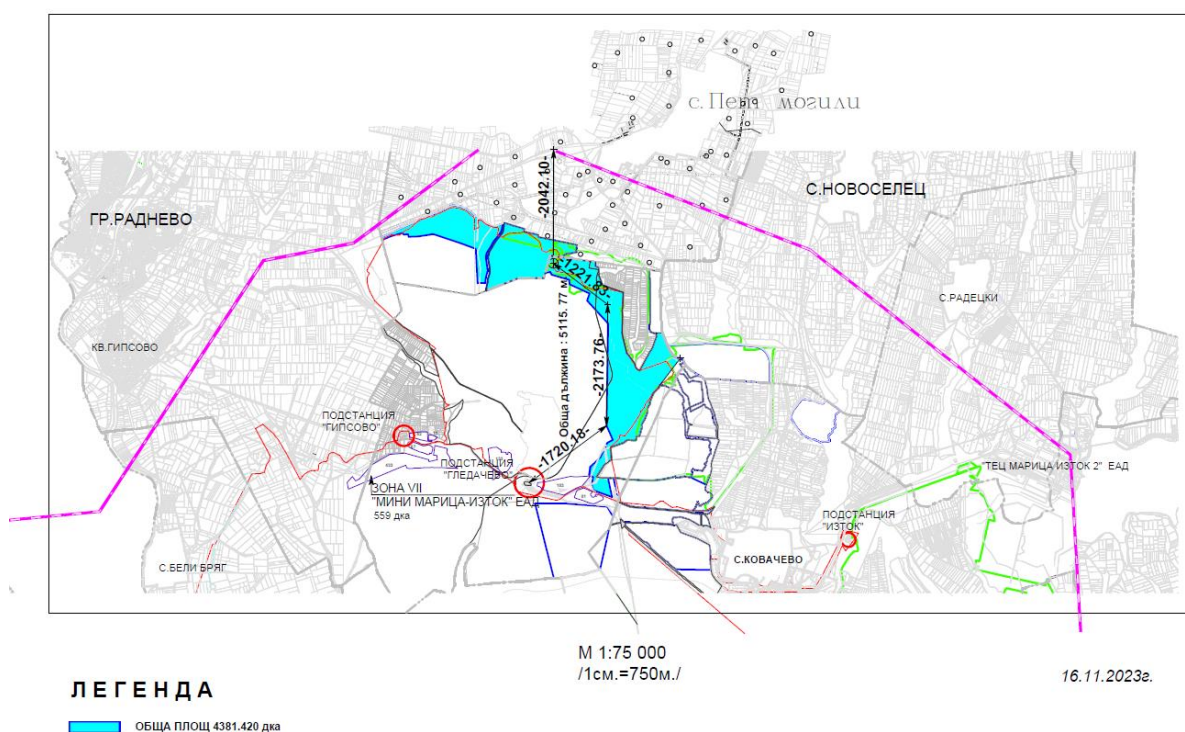
The total area of the proposed land for repurposing to be suitable for industrial activities is **438.1 hectares**. The funds needed for alignment are estimated at BGN 14,895,400 at an average price of BGN 34,000 / hectare

In order to bring the area to a state where any industrial activities can be carried out, the following engineering-technical and construction activities are required to be performed:

- area strengthening of the terrain in order to increase its load capacity by using technologies and materials proven in practice in recent years;
- construction of hydrotechnical facilities along the overall drainage infrastructure where the area is located;
- construction of water supply facilities;
- construction of site sewage;
- construction of an asphalt road to connect with the Republican road network and related expropriations;
- construction of a semi-stationary substation;
- construction of 20 kV power supply line in the disturbed territory.

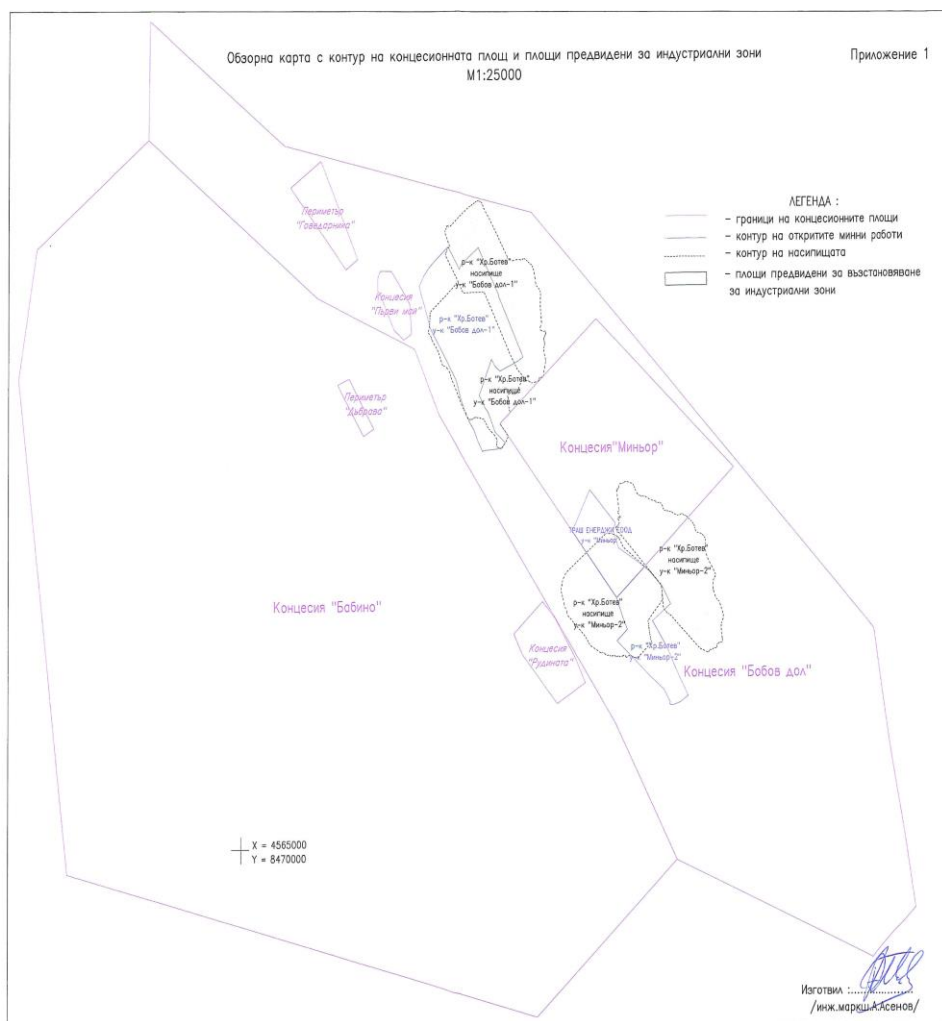
The expected estimated financial costs are indicated in Table 1.

	Description	measur	K-bo	Price/unit	Total/BG leva
1	Making a pavement with different fractions of inert materials and a reinforcing geogrid	acres	4 381	54 000	236 574 000
2	Hydrotechnical facilities on the drainage infrastructure	km	22,5	564 000	12 690 000
3	Construction of site water supply	km	29,8	1 470 000	43 806 000
4	Construction of site sewage	km	23	1 380 000	31 740 000
5	Construction of a 20kV power line in disturbed territory from the "Gledachevo" substation	km	5,2	1 300 000	6 760 000
6	Construction of an asphalt road to connect with the Republican network + expropriations	km	2,04	4 200 000	8 568 000
7	Semi-stationary substation 20/6 kV, 10 MVA	number	1	3 800 000	3 800 000
					343 938 000
	The prices are based on the "Construction Price Guide", edition "Stroyexpert - SEC" 2023. and price levels from public information for similar sites				
					14 895 400



Kyustendil, Bobov Dol Mining region

Concerning the Concession of the Coal Energy Company, the same conditions and principles described above applies. In the same time the concessioner didn't plan earlier coal phase out in advance so the overall aim now is to update its annual working plans and recultivation plans and to proceed to accelerate operation. This means doubling the efforts for recultivation till 2029 so that to be able to start to repurpose mining lands into industrial sites. The indicative planning is to proceed with a plan to repurpose 263.8 acres of lands:



Pernik

At this stage Min Industry Company – the concessioner in Pernik Coal field declared readiness to start earlier recultivation based on the national and regional goals of accelerated coal phase out activities. Thus, the company estimates that around 766 acres of lands need to be prepared for earlier recultivation restoring it to forest or agricultural lands and to invest in aligning the embankments. Those activities are obligatory part of the concession agreement according to the current contract which may need to be altered due to the energy transition goals to reduce coal after 2030 and to stop using coal up to 2038. Therefore, in Pernik earlier recultivation will have to be planned and with the support of the governmental institutions and municipality measures towards earlier advancement on recultivation which at this stage is planned to be around 766 acres.

Preliminary distribution of financial resources under Rehabilitation of industrial sites and contaminated grounds:

EUR 201 232 000 of which 175 884 407 for the Mini Maritza East site and 25 347 593 for Bobov Dol and Pernik. The investments linked to repurposing and rehabilitation of lands will start upon elaborated analyses and concrete plans reviewed and consulted by independent experts and approved by the Ministry of energy where is situated the national competent authority on concession including control on recultivation. Before the announcement of each investment the Managing authority of PDR

committed to notify the EC services whether all legal requirements to the concession agreements and the "polluter pays" principle are met, as part of the selection criteria for operations.

Recultivation in line with the PPP is responsibility of the contractor holding the concession.

In Pernik region there are two relevant concessions contracts. One expires in 2029 and under Art. 4 of Annex No. 6/20.01.2017 financial contributions are ensured annually by September 30, an amount representing 1/12 of the amount of the value of funds for the final termination, determined in agreements with Minister of Energy Schematic project for exiting the concession area. The other expires in 2037 and under Art. 30.15 of the contract financial contributions are ensured annually by September 30, 13% of the amount of the concession fee calculated for the previous year for the final termination, as per Annex No. 3/18.10.2010.

In Kyustendil region there is one relevant concessions contract, which is in force since 2007 for 35 years. According to Art. 6, para. 1 of Annex No. 3/03.07.2019, the concessionaire is obliged to deposit annually by September 30, an amount representing 1/24 of the amount of funds for final exit determined in coordination with the Minister of Energy Schematic project for exiting the concession area. According to Art. 30.16 of the contract - the concessionaire is obliged *every three years from the effective date to update the exit schematic project* with regard to the types and volume of works and the corresponding costs related to these activities, and each updated exit schematic project is provided for the approval of the concessionaire.

Repurposing may include activities outside the scope of private contractual responsibilities and only in such cases it is potential subject to support with JTF, based on regional transition specific goals and planned activities.