

# Energy Governance in Bulgaria

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Ruslan Stefanov, Director, Economic Policy



## Services and activities



# Funding, support, and clients



Directorate General “Justice Freedom and Security”:  
contract research, AGIS , ISEC, FRA



FP7 Research: public confidence in justice; prisons and  
drugs; nuclear energy



Over \$6 million in grants on economic development,  
anti-corruption, crime research



Criminal justice reform, organised crime research



Crime-victims surveys (ICVS, IBCS)



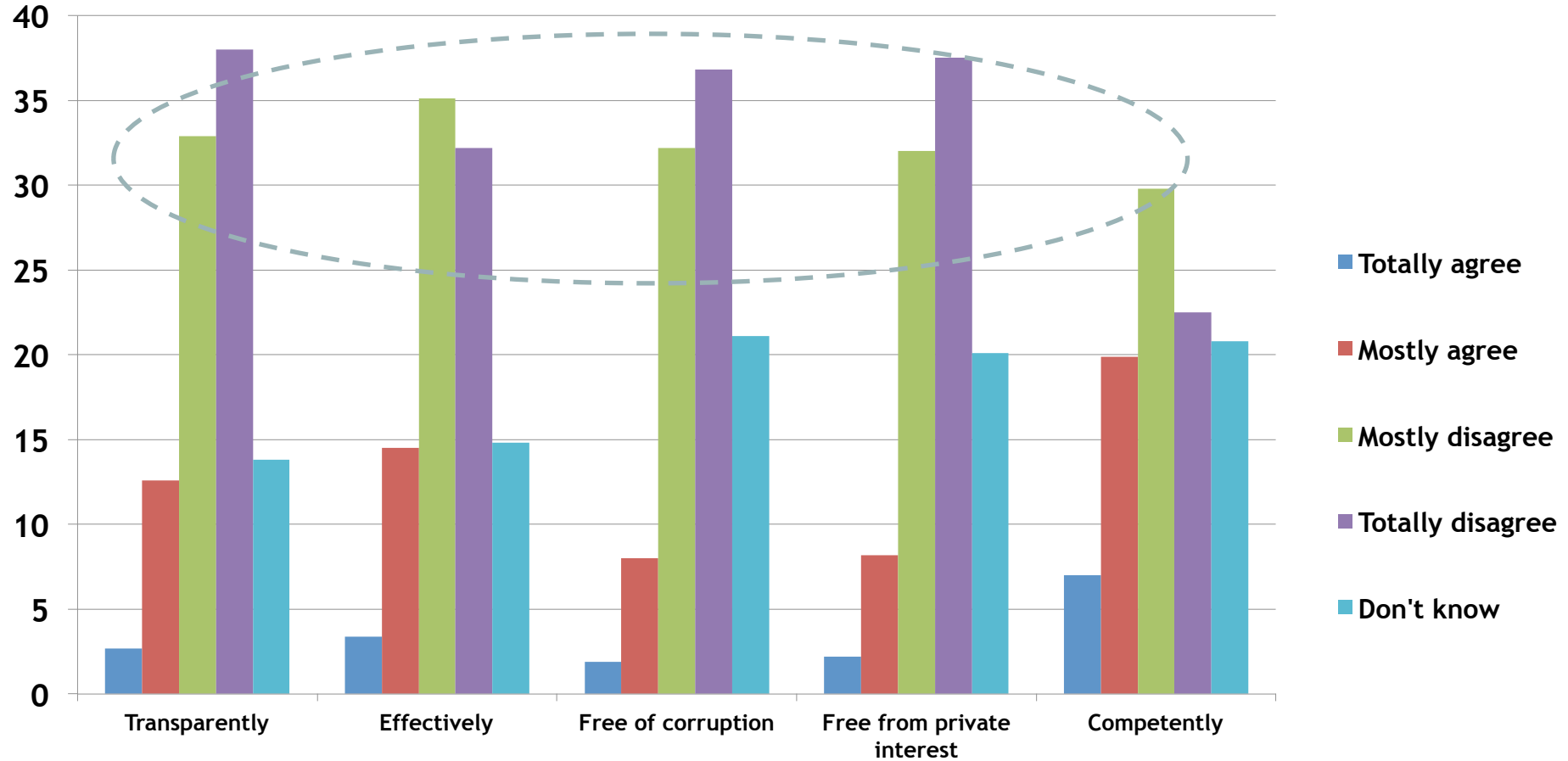
## CSD's Activities in the Energy Sector

- **Energy Governance**
  - Analysis of **policy, institutional, and legal** frameworks affecting the energy sector
  - Best practices
- **Corruption & Energy**
  - Assessing the susceptibility of state policies to corruption
  - Corruption in public procurement
  - Large scale energy projects & corruption
- **Security**
  - Energy security & diversification
  - Organized crime & Energy
- **'Green' Energy & Sustainable Development of the Sector**

## Bulgaria's Energy Sector: Main Governance Issues

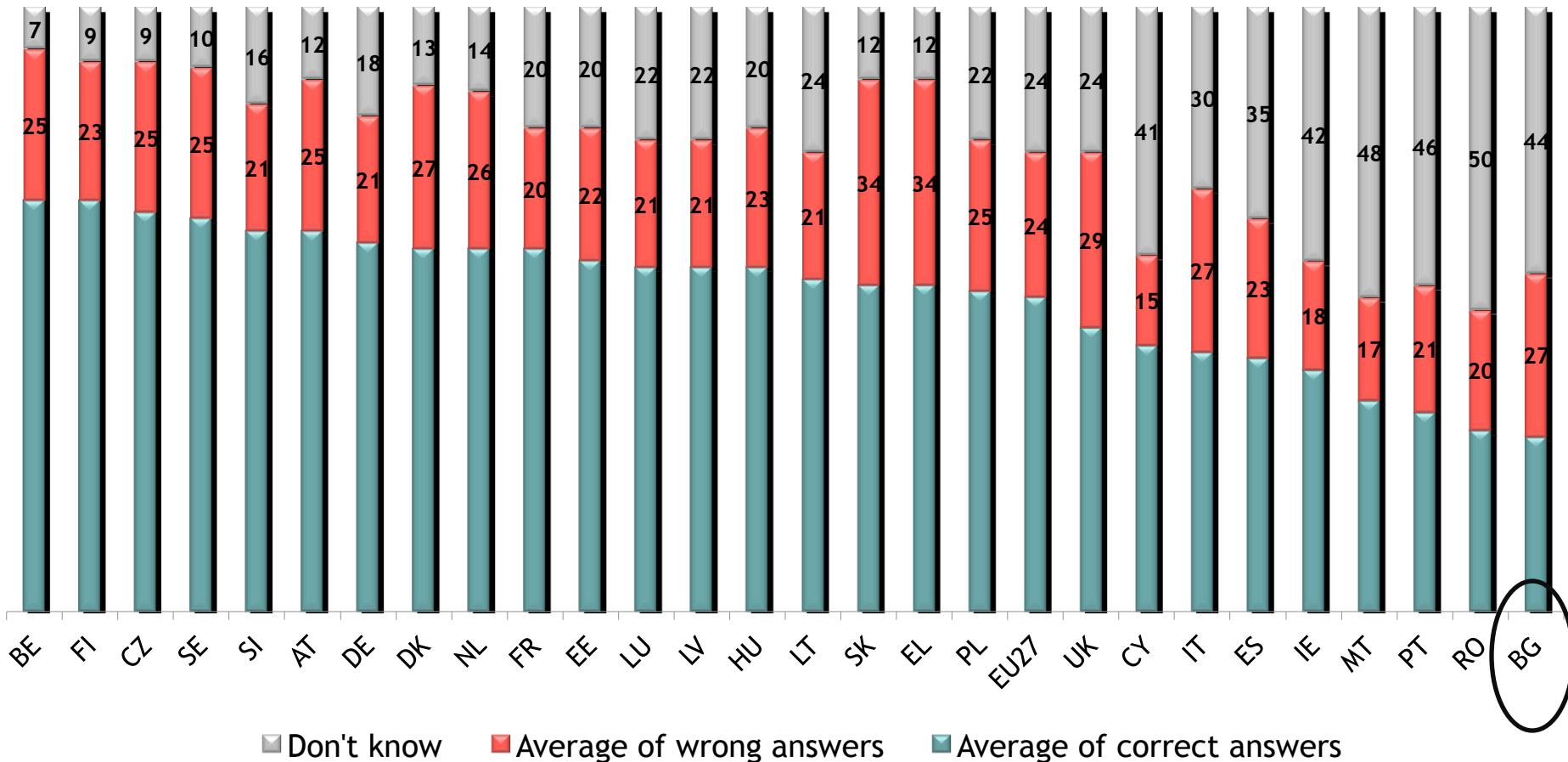
- Lack of sound energy strategy with clear priorities, including R&D
- Apparent conflicts of interest at the highest political level, leading to suspicions of corruption
- Poor management of state enterprises
- Absence of adequate independent oversight and lack of transparency
- Politically motivated privatization of assets and uncontrolled access of questionable capital to the energy sector

(Q. to Businesses) Do you believe that the energy sector is governed:



# The Bulgarian society is among the least well informed over nuclear energy matters

Social Level of Understanding Issues Related to Nuclear Energy



## Oil Sector



High concentration of market power in the crude oil and refining sectors



Low quality of refined products attributed to mixing them with low-quality imports



A significant “grey” segment equaling 1/3 of the market





## Natural Gas Sector

High concentration of imports through a single supply route

A monopoly in the oil and gas sectors

Monopsony (a single buyer) in the transit of gas

Lack of leverage in negotiations with the foreign supplier, who is also the sole user of the transit pipelines



## Coal Sector

### Market Forces

- High concentration of market power in both supply and demand

### CO<sub>2</sub>

- Difficulties in fulfilling environmental standards
- Costly clean coal technologies

### Energy Mix

- Competing with NPPs and TPPs for base capacity



## Nuclear Sector

Obscure energy mix

Absence of optimal policy decisions on new generating capacities

Challenge to maintain the know-how and the technological potential

Lack of transparency in financial management

## RES Sector



Market bubble (submitted applications for 12 - 14 GW)

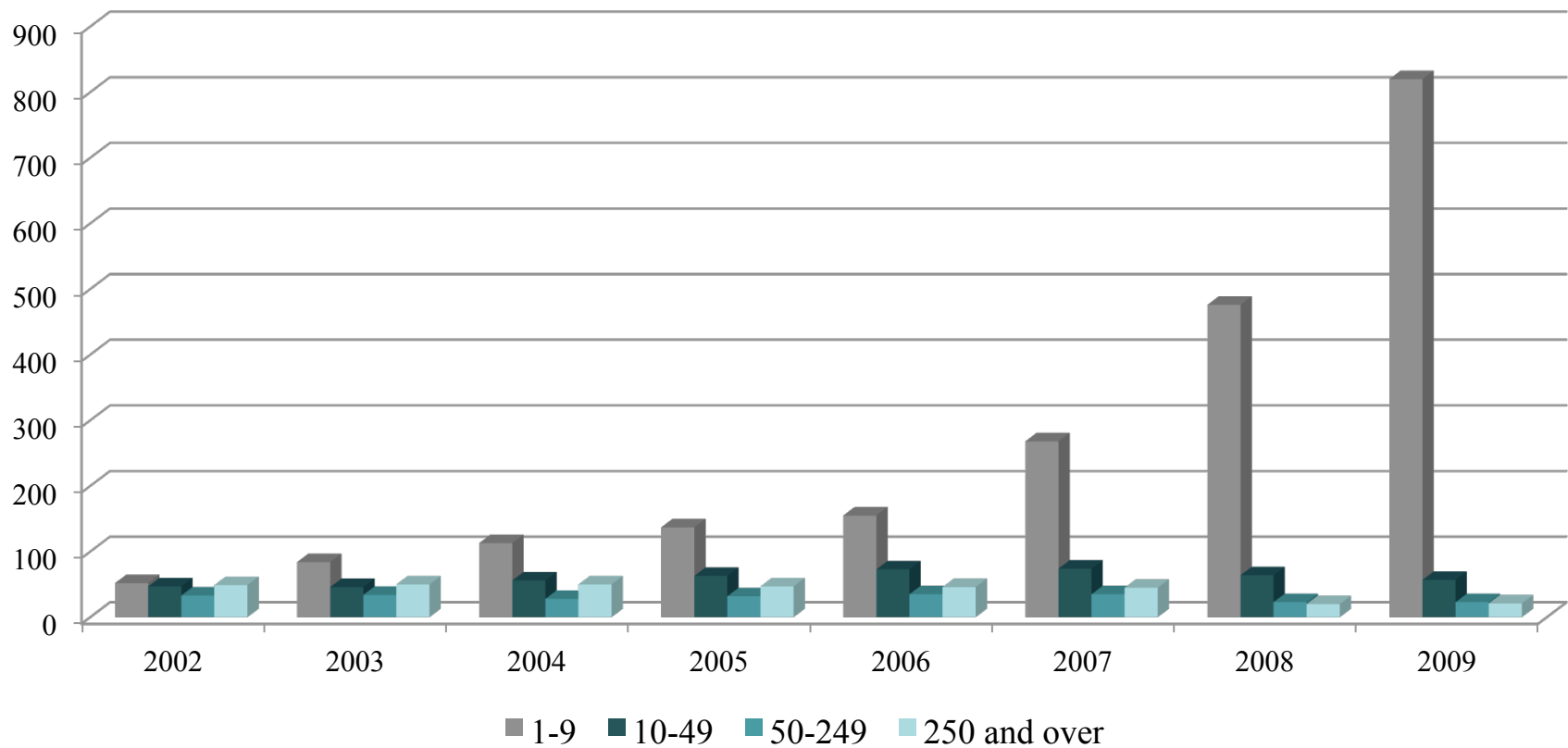


Delayed construction of HPPs due to bad project management

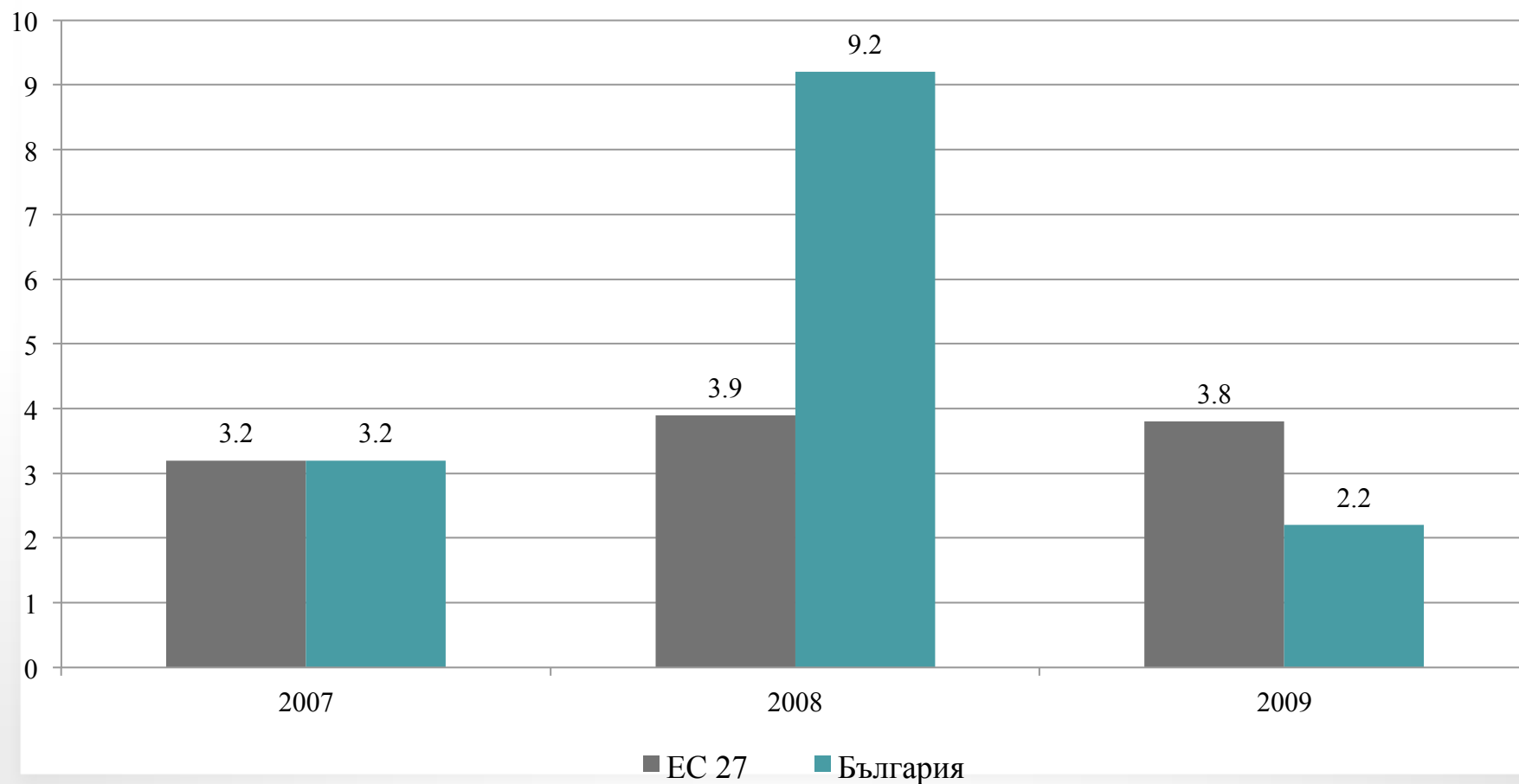


Lack of security for investors, notably due to problems related to connecting to the grid

# Bulgaria: Energy Enterprises by Number of Employees



## Budget for R&D in the Energy Sector (% of total budget for R&D)



## Main Points

- Complex challenges and a multitude of pressures
- Lack of transparency
- Lack of governance and expert capacity
- Lack of clear and effective decision-making process

LEAD TO:

- Bad governance, incl. financial, public procurement, and state enterprises
- High corruption risk
- Policy issues that are hard to identify and manage
- Low long-term potential, incl. R&D investment erosion

- Energy is a key sector for the Bulgarian economy (1/4 of all public procurement procedures)
- Strategic decisions are pending
- Bulgaria is a key regional player

NEED FROM:

NEED FROM:

- A constant demand/pressure for good governance and transparency
- Expertise
- Independent, data-driven consultancy services
- Benchmarking and use of best international practices