

Energy Sector Governance and Energy (In)Security in Bulgaria

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PRESENTATION

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- Bulgaria's Energy Security Risks
- Bad Governance and State capture in Bulgarian Energy Policy
- Towards a Bulgarian Energy Strategy in the European Union

1. Bulgaria's Energy Security Risks



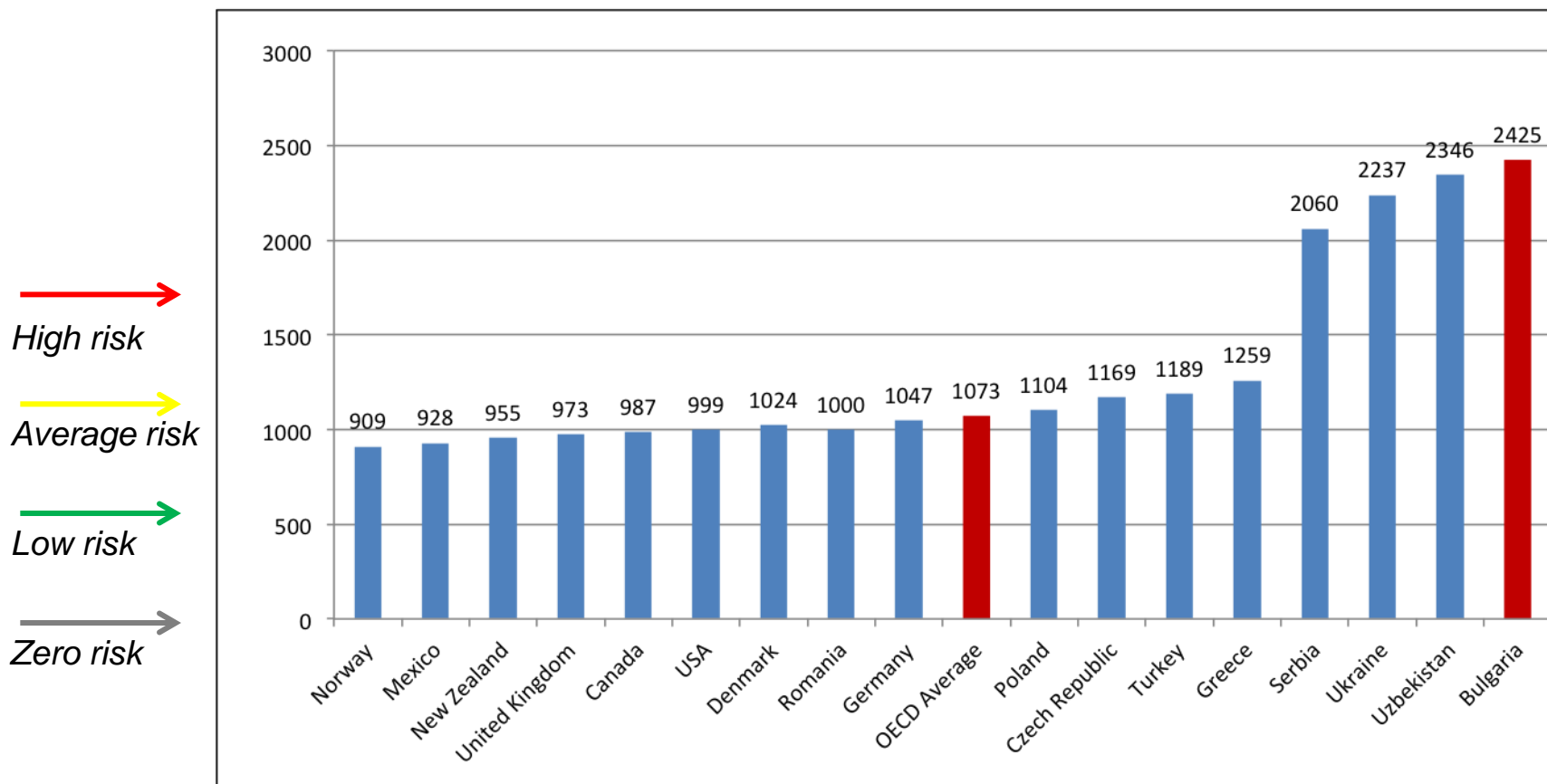
Index of Energy Security Risks

- Global fuel reserves
- Fossil fuel imports
- National energy expenditure
- Price and market volatility
- Energy use intensity
- Reliability of electricity generation
- Energy efficiency of the transport sector
- Environmental policies



Results for Bulgaria (1)

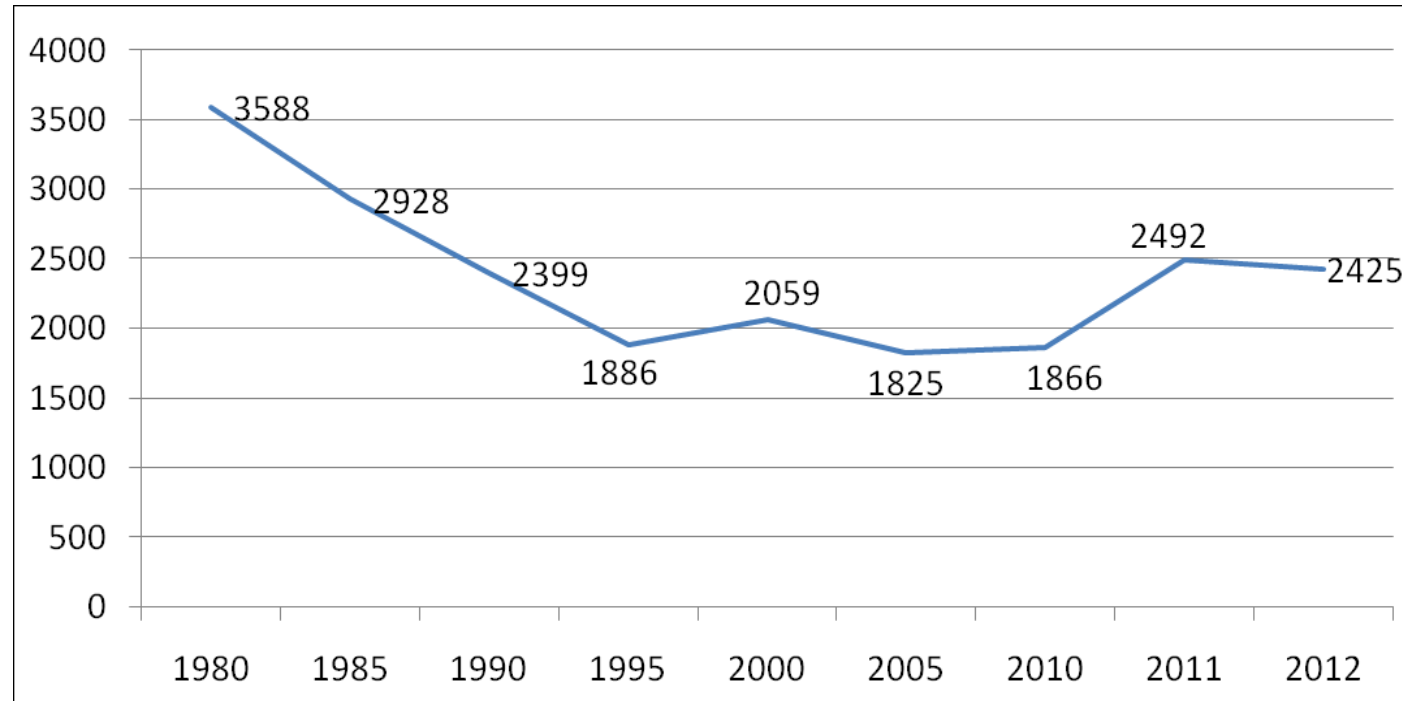
Fig. 1: Index of Energy Security Risks





Results for Bulgaria (2)

Fig. 2: Dynamics of Bulgaria's Index of Energy Security Risks (1980 - 2012)





Main Challenges for Bulgaria's Energy Security

- National energy expenditure volatility
- Energy expenditure intensity
- Fossil fuels import as percentage of GDP
- Gas import dependence
- Energy intensity, including:
 - Petrol usage
 - Transport

=> Three main energy security risks: high energy poverty, low energy efficiency, bad governance

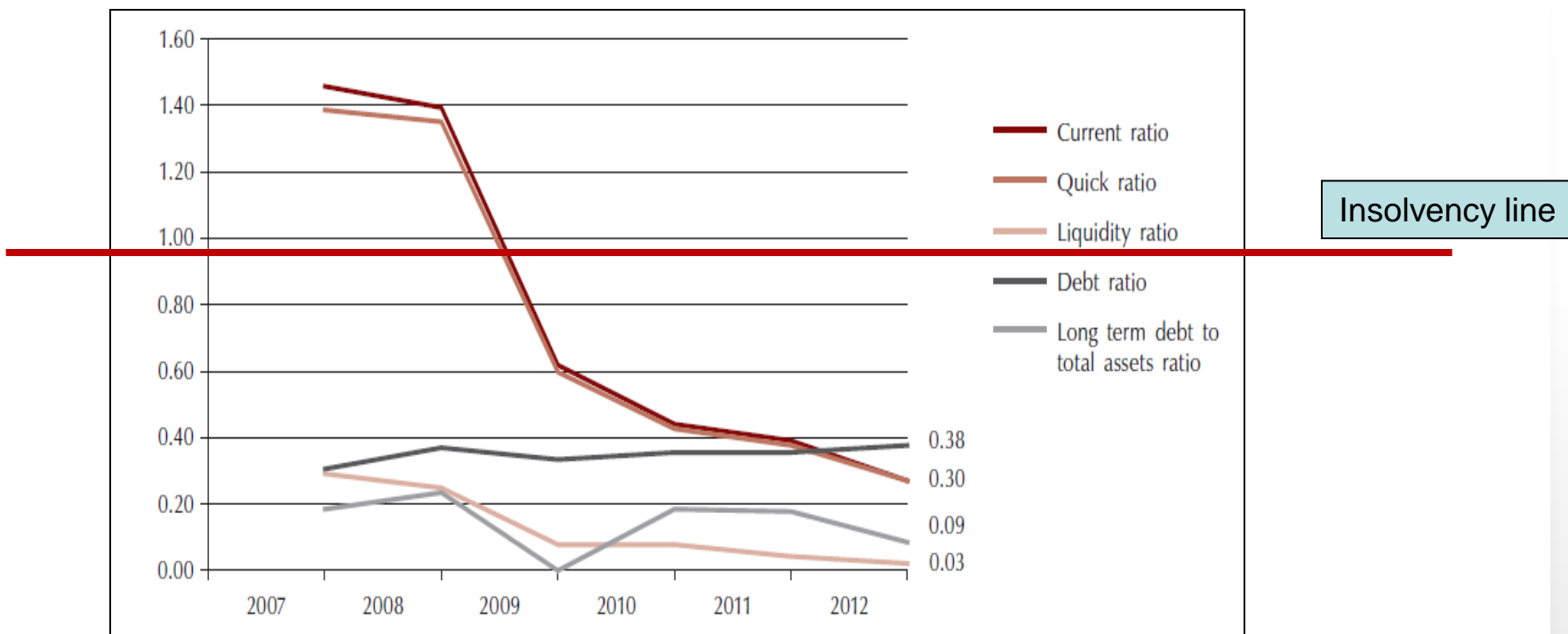
2. Bad Governance and State Capture in the Energy Sector

Governance of Large Energy Infrastructure Projects

- Lack of independent cost-benefit analysis
- Increasing economic and financial risks
- Lack of transparency
- Non-compliance with EU legislation and disregard for the free market and competition rules

Governance of State-owned Energy Enterprises (1)

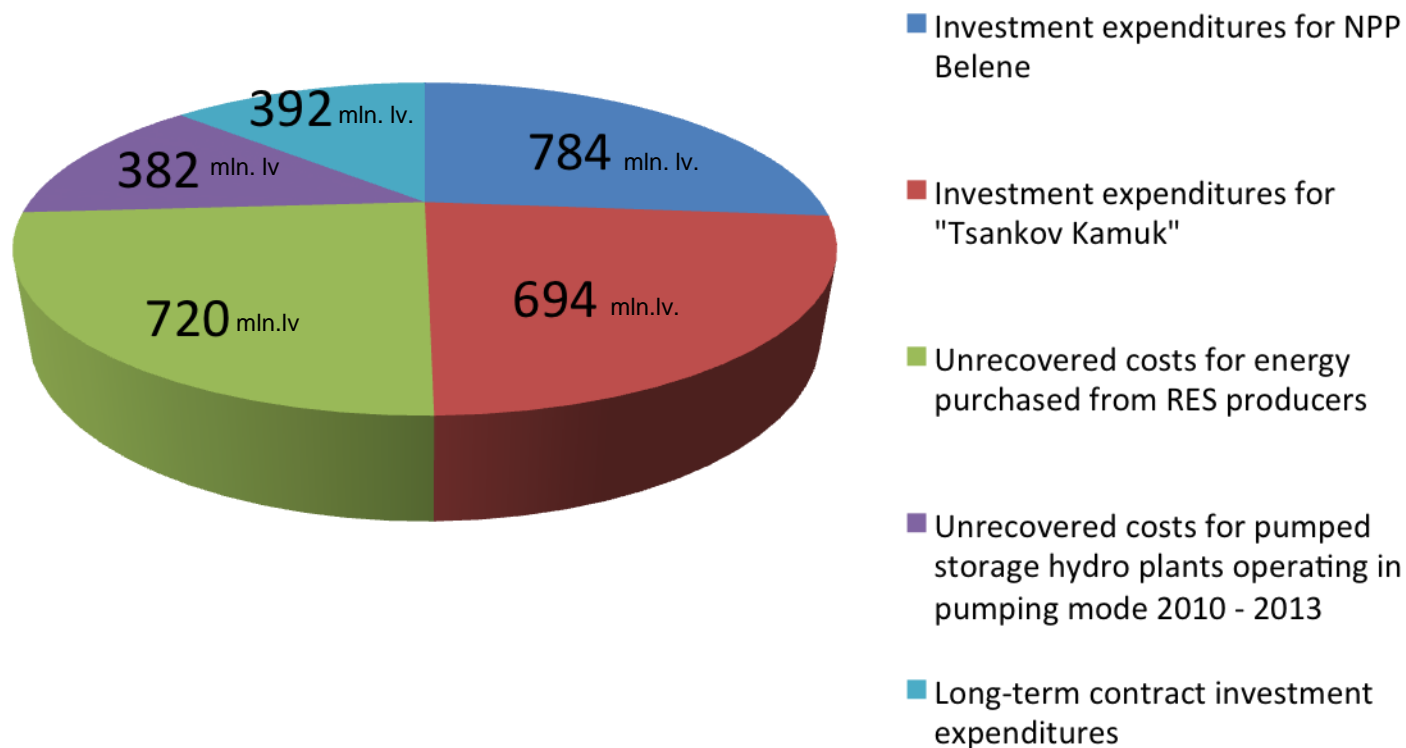
Fig. 4 NEC: Key Financial Ratios



Source: CSD, based on Ministry of Finance data

Governance of State-owned Energy Enterprises (2)

Fig. 5 Structure of accumulated debt by the NEC for the period of 2010 - 2014



3. Towards a Bulgarian Energy Strategy in the European Union

Recommendations

- Political consensus on long-term priorities
- Participation in the European Energy Union initiative
- Annual review of Bulgaria's energy security
- Improvement of the independence of the energy regulator and introduction of EU regulations
- Introduction of compulsory corporate governance standards for state-owned companies
- Development of indigenous energy resources and diversification of gas supply
- Improvement of energy efficiency
- Preliminary cost-benefit analysis and compulsory feasibility assessment of large infrastructure projects in the energy sector

Thank you!

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