

# Bulgaria at the Crossroads of Energy Security and State Capture Risks

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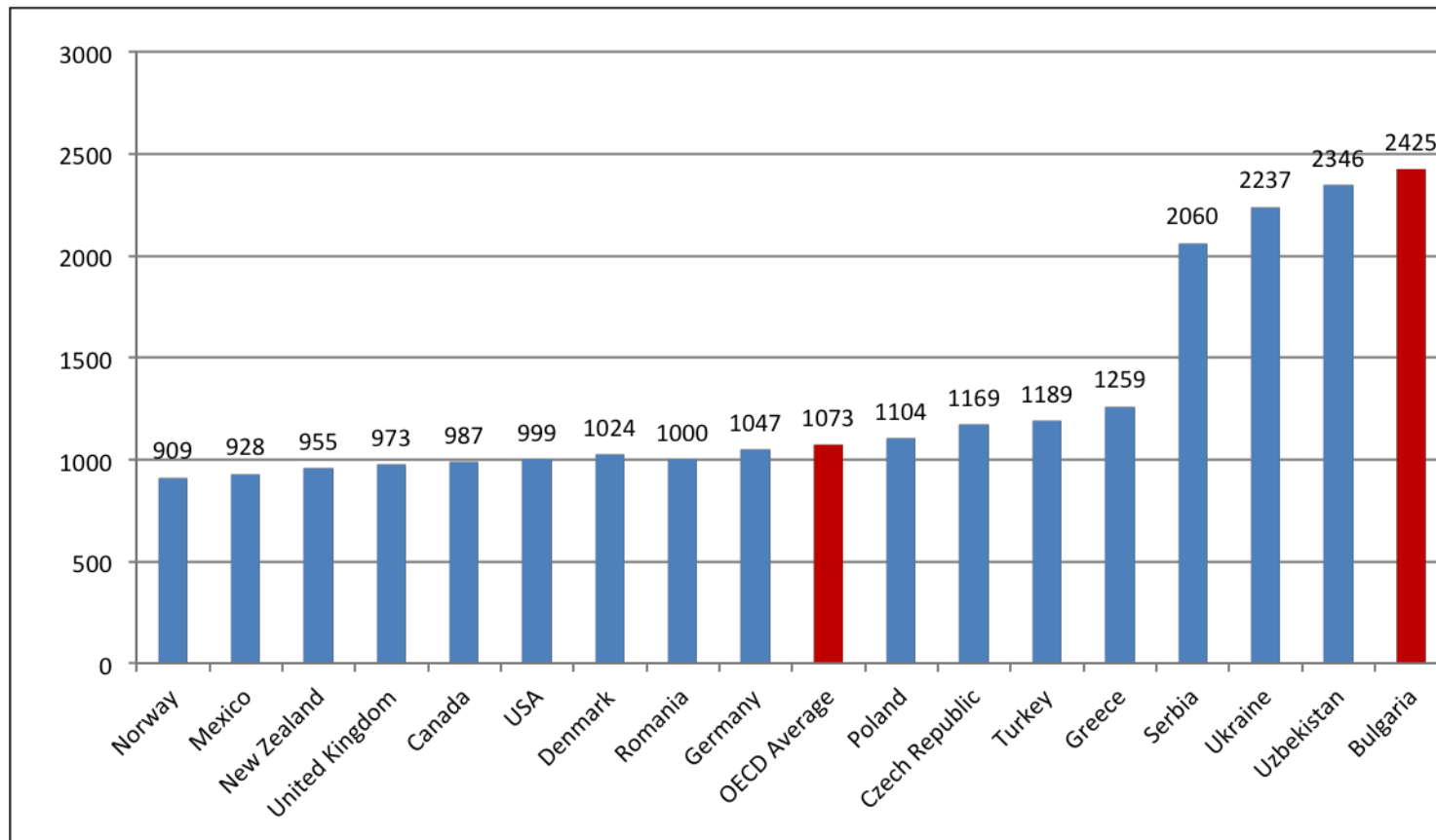
# 1. Bulgaria's Energy Security Risks

## Tools for Quantifying Energy Security: Institute for 21st Century Energy (2)

- 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

**Fig. 1: Index of Energy Security Risks**



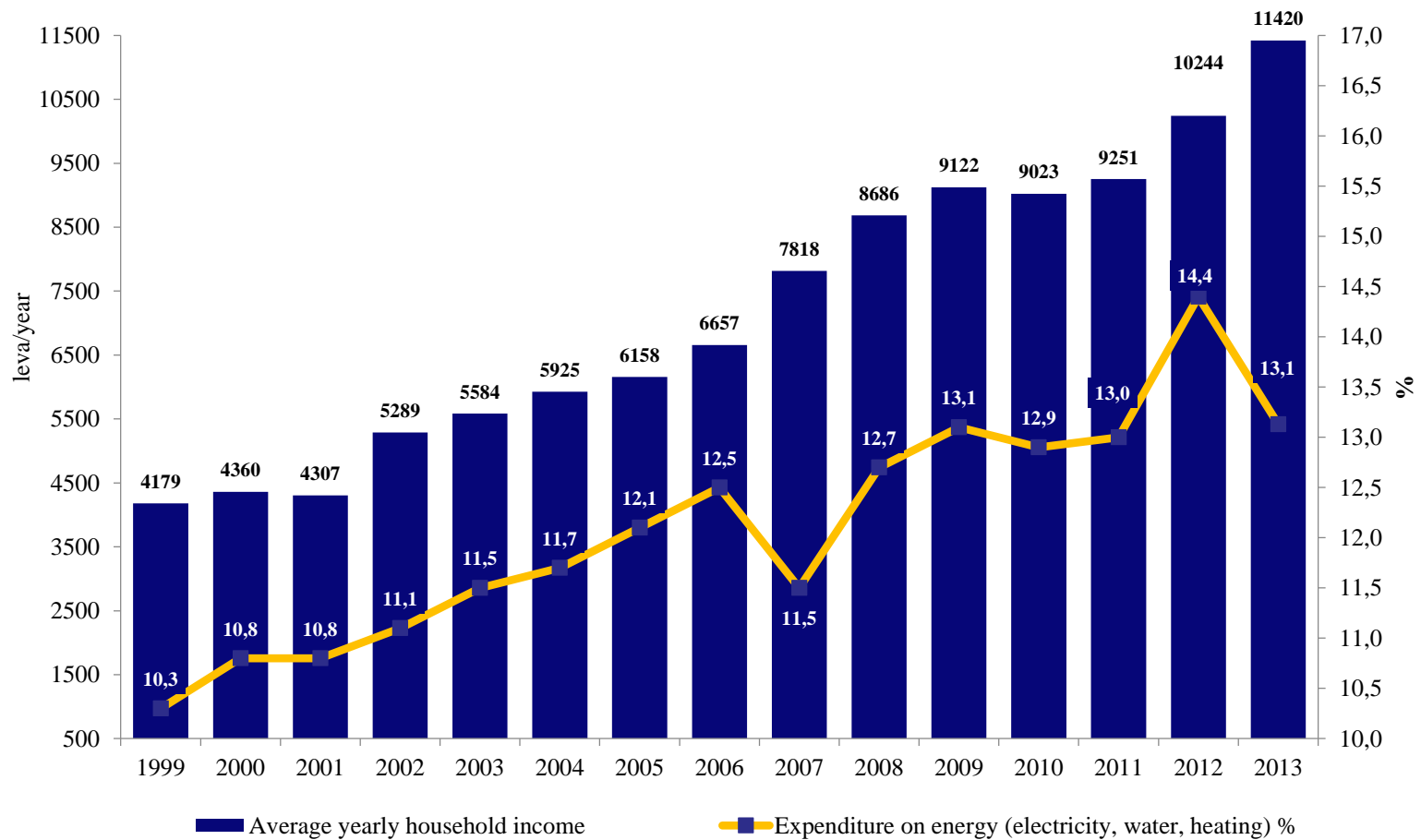
Source: Institute for 21<sup>st</sup> Century Energy

## Main Challenges for Bulgaria's Energy Security

- Energy expenditure intensity
- Fossil fuels import as percentage of GDP
- Oil & Gas import dependence
- Energy intensity

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

# The challenge of energy poverty



## Fundamentals of Long-term Energy Security

- Reducing import dependence
- Increasing the number of energy suppliers
- Utilization of indigenous resources and renewable energy resources
- Reducing overall energy demand by introducing energy-efficient technologies



## **2. Bad Governance and State Capture in the Energy Sector: South Stream as a case study**

## Project Governance Deficits

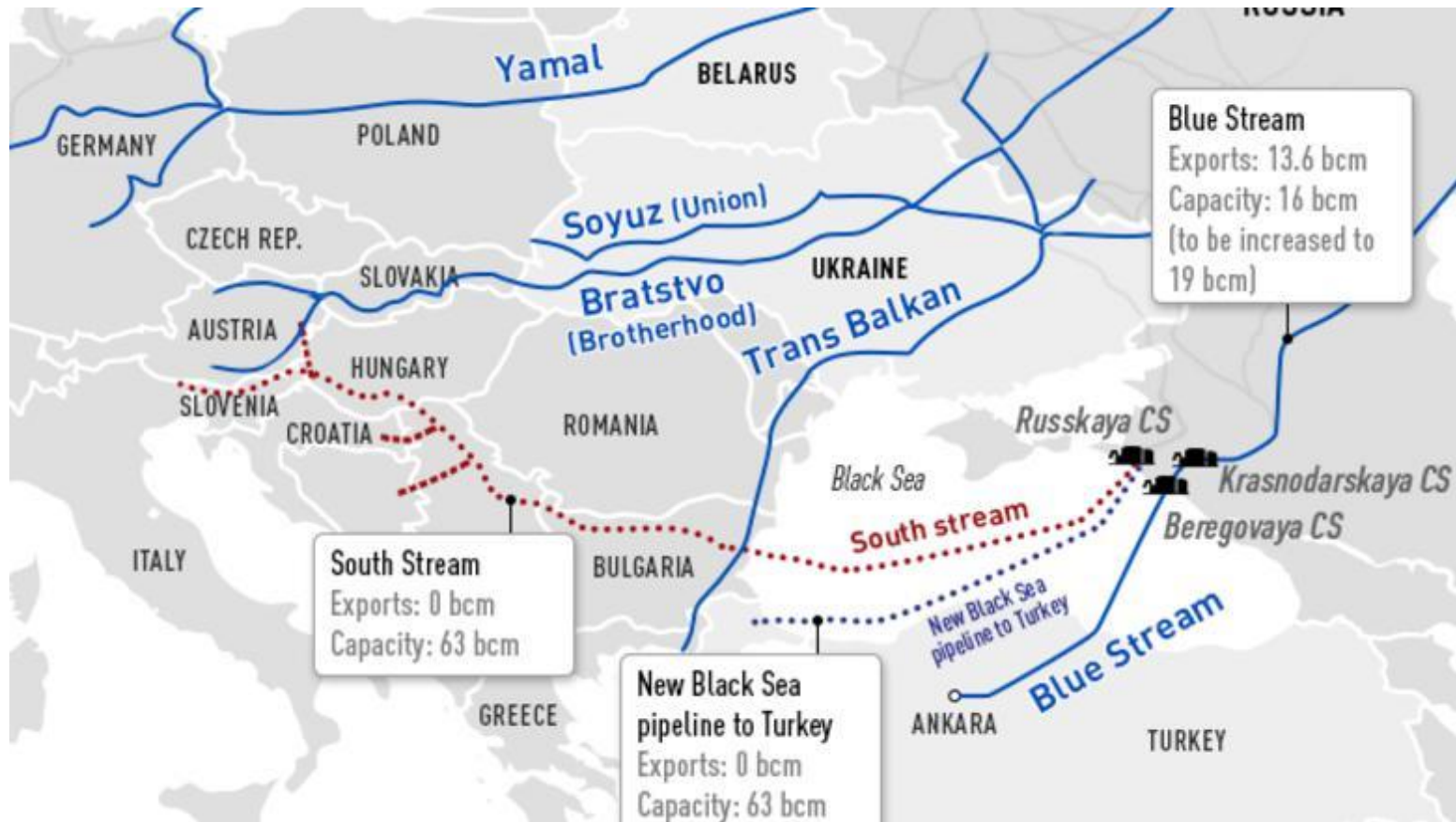
- Lack of independent cost-benefit analysis
- Increasing economic, political and financial risks
- Lack of transparency
- Non-compliance with EU legislation and disregard for the free market and competition rules
- State capture practices

## Comparative Prices for Gas Pipelines with similar capacities

Project	Country/Project	Diameter	Cost (mn euros/km)
South Stream	Russia, South Stream	1420	7.4
OPAL	Germany, Nord Stream	1420	2.1
NEL	Germany, Nord Stream	1420	2.3
Gazelle	Czech Republic, Nord Stream	1420	2.4

Source: CSD

# South Stream and Turkish Stream: Between geopolitics and reality



Source: OilPrice.com

### **3. Towards a Southeastern Europe energy strategy in the Energy Union**

## Energy Security and Governance challenges in the SEE region

- Overreliance on one source of energy supply
- Lack of regional interconnectedness
- Undeveloped regional gas and power markets
- Widespread energy poverty and limited gains in efficiency
- Increasing grand corruption and state capture risks

## The role of the EU Energy Union in SEE

- Acceleration of the building and financing of PCIs
- Directing energy market liberalization and market integration
- Strengthening of regional cooperation mechanisms
- Creation of common gas purchasing mechanism
- Reduction of wasteful energy demand

**Thank You!**

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