

The managements of Czech energy company CEZ, a.s. and the state owned Bulgarian Energy Holding (BEH) have signed a memorandum of cooperation looking for technical and economic means to extend the life of Varna TPP. CEZ which owns the power station and BEH have set up a work group which will function until October 31, 2014. Lowered operating reserve requirements cut the power stations ability to plan sufficient income. If no solution is found, Varna TPP will most likely be shut down by the end of 2014. The power plant serves mainly for providing reserve capacity when demand surges or when other critical situation occurs, such as the gas supply crisis of 2009.

“We do our best to find a working option to continue the operation of Varna TPP”, Peter Dokladal, regional manager of CEZ for Bulgaria said in an e-mailed statement.

Until recently Varna TPP used to cover 60 percent of the country’s needs for reserve capacity with three 210-megawatt units. Varna TPP was allocated by the Electricity System Operator (ESO) the lowest price for reserve in the country. Requirements about the cold reserve were lowered significantly by the interim government of PM Marin Raikov in 2013. ESO has cut the levels from 1040 MW to 500 - 400 MW on average for the April - September 2013 period and to about 600 from October until March 2014.

This has significantly lowered the capacity allocation security for Varna TPP and thus the management’s ability to plan in the long run. Varna TPP reported BGN 67.6 million (about EUR 33.8 m) loss in 2013.