

Bulgarian Minister of Energy Alexander Nikolov said that the compensation for high electricity prices for businesses is expected to be paid from December until March 2022, while compensation for natural gas prices is still being considered.

Electricity compensation will be calculated based on the actual day-ahead market price for July, or 97 euros/MWh. All consumers who have signed long-term contracts below this price won't be eligible for compensation. The compensation will be equal to 75 % of the difference between the base price and the real average monthly market price for the respective month but it cannot exceed 30 % of the actual price.

Minister Nikolov said that in 12 months alone the price of carbon emissions have increased nearly four times from 20 to 81 euros per ton, which directly impacts coal-fired power plants. On an annual basis the price of natural gas went from 20 to over 160 euros. The last market component, which drives the electricity production, is oil. In the past year it appreciated significantly from 50 to 71 dollars per barrel of crude oil. This is important to know in view of some specifics of long-term agreements which Bulgaria has for natural gas deliveries.

He said the compensation for the high electricity prices will exceed 460 million euros for the four months. Within the next four months the resources which will be set aside under various items will exceed 770 million euros. The money will be provided from the Energy System Security Fund, the companies in the Bulgarian Energy Holding and the state budget, which will disburse between 350 and 500 million euros depending on the market dynamics.