

In recent months, gas-fired thermal power plant Varna is operating as a reserve capacity for electricity generation. Bulgarian electricity transmission system operator ESO pays for the service almost twice the price compared to the spot market. In August alone, the payments could reach up to 15 million euros.

Namely, caretaker Minister of Energy Andrei Zhivkov submitted a detailed report on the amount paid by the transmission system operator to the power plant for providing cold reserve and balancing energy. In 2020, ESO paid a total of 10.7 million euros to the owners of TPP Varna, and the amount since the start of 2021 amounts to 6.4 million euros.

In the first seven months, for each MWh of electricity produced by TPP Varna, ESO pays between 126 and 195 euros, which is about two times higher than prices on the spot market at the time of the purchase.

Data for August is not yet available, but it is certain that TPP Varna was in operation much more than in previous months and at an even higher price - it probably exceeds 205 euros/MWh. Thus, this month alone, the revenues of TPP Varna could exceed 15.4 million euros.

TPP Varna receives payments on two bases. First of all, it provides reserve capacity when it is not actually working, but is in a state of readiness. The second basis is active power. In practice, it turned out that ESO activated TPP Varna at certain intervals to fill the electricity shortage in the system. This is the so-called upward balancing service, which is activated in order to compensate for the difference between contracted and actually realized deliveries. In other words, when electricity consumption unplannedly exceeds supply, ESO engages additional capacity to maintain the balance of the electricity system. The ESO dispatch unit decides which power plant to activate.

TPP Varna has three operational gas-fired units with installed capacity of 210 MW each. The other three units were decommissioned in 2017.