

Caretaker Minister of Energy Andrei Zhivkov said that the Bulgarian caretaker Government is considering a potential proposal on reduction of VAT for electricity to the Parliament. The program for compensating non-residential electricity consumers with 56 euros/MWh is an adequate response to the challenges the business faces, but something similar is needed to help the residential electricity consumers.

Minister Zhivkov said that high electricity prices in Bulgaria are not due to speculations or lack of rules, as the same applies to all of Europe.

According to him, energy futures prices indicate that the energy markets might calm down somewhat in the second quarter of 2022, but the prices are unlikely to drop to pre-crisis levels.

The government is also considering a proposal for an amendment to the Energy Act, so that the Electricity System Security Fund could be used to compensate consumers during periods of extreme electricity prices like the current one. It also considers the inclusion of network operators into abovementioned program, thus minimizing the effect of the expected increase of regulated prices as of 1 January 2022.

Unlike the rest of the EU citizens, household consumers in Bulgaria are on a regulated market and have not yet felt the price hikes in Europe.

According to Minister Zhivkov, another serious challenge that the caretaker Government has managed to handle during its work is the submission of the National Recovery and Resilience Plan to the European Commission, thus starting the discussions over the future of Bulgaria's coal sector.

Asked how coal-fired power plants will continue to operate after 1 July 2025, when the common EU framework requires that they no longer be granted state aid, Minister Zhivkov said that it depends on their good management. Coal-fired power plants should invest in environmentally- friendly technologies to allow them to operate smoothly in the long run. Bulgaria's National Recovery and Resilience Plan says that 2038 is an indicative year for coal phase-out. At the moment, coal constitutes over a third of the energy mix in Bulgaria and quitting coal at once is impossible. Renewable energy sources will be taking an ever larger place in the energy mix, but the economy cannot rely on renewable energy alone. Therefore, according to the caretaker Government, the nuclear energy development in Bulgaria has no alternative.