Bulgaria: How much will earn Bulgaria from South Stream

Categories : SEE Energy News

Date : November 15, 2013

Bulgarian section of South Stream construction started. At the ceremony for the beginning of construction, the Bulgarian Economy and Energy Minister, Dragomir Stojnev, said that pipeline in Bulgaria will be completed in two years. Expected earnings for the period 2013-2043 will be about 2.8 billion euros, which will enter the Bulgarian budget. According to him, with the implementation of this project, Bulgaria will become a major gas center in the Balkans.

Stojnev predicted that the Bulgarian Energy Holding (BEH) will begin to receive dividends from the project when pipeline capacity is filled. According to preliminary data, the pipes will transport up to 30 billion cubic meters of natural gas per year. There are however ideas to increase the capacity to 60 billion cubic meters per year. However, based on the words of Stojnev it is not clear yet from which target of the implementation Bulgaria will receive dividends from this project.

Minister for Energy, Dragomir Stojnev, said that they conducted intensive negotiations in recent months, as the Bulgarian side is unhappy with the legacy received from the previous Bulgarian government. According to Stojnev Dragomir, the Bulgarian state and the Bulgarian citizens do not take any risks in the implementation of the project on Bulgarian territory. He added that with the start of construction of the South Stream through Bulgaria's territory a good step was made that will help Bulgaria to get out of the economic crisis.

Debt to equity ratio is 70:30. The loan amount that BEH has to accept and pay is approximately 620 MEUR, said the Minister, adding that the dividends are the only collateral for the loan which the company will get from the natural gas on the territory of Bulgaria. The interest rate to be paid for this loan was the subject of much serious discussion and is likely to exceed 4.25%, ie half of the originally projected.

Source; Serbia Energy See desk