

Bulgarian employers have canceled a protest announced for May 18th after the government unveiled a new package of compensation measures for electricity and gas. After several rounds of negotiations, literally at the last minute, it was decided that the companies would receive significantly higher subsidies than in previous months, so as not to feel the increase in gas prices, while electricity would be cheaper.

It is not yet known exactly how much these measures will cost the budget, but, according to estimates, at least 350-400 million euros per month are needed. This amount will be largely provided from the enormous profit of the Kozloduy nuclear power plant and from the revenues of the Electricity System Security Fund - which receives funds from the sale of national CO2 quotas as well as 5% of energy companies' revenues.

In the negotiations between the government and businessmen, it was decided to seek a long-term solution to the problem of energy prices - by introducing a mechanism in the Energy Law that will ensure that electricity producers do not make extra profits, ie that part of that profit goes to the fund.

Employers estimate that their demands regarding electricity and gas prices have been met and that a large-scale protest would not be justified, said Vasil Velez, president of the Industrial Capital Association (AIKB), adding that they remain ready to protest.

It is not known whether the carriers will also give up the protest - their representatives will meet with government officials on Wednesday. Sofia Motor Transport remains more eager to block roads, insisting on state support of almost 180m euros.

### **New measures: electricity and gas**

In May and June, the companies will receive compensation for electricity in the amount of 80% of the difference between the average monthly price on the stock exchange and 200 levs (102 euros) per MWh.

Thus, according to the new mechanism, the subsidy for the monthly bill of 1,300 euros will amount to 435 euros, which means that a third of the bill will be paid by the state.

In previous months, the compensation amounted to 75% of the difference between 185.6 levs (95 euros) per MWh and the stock exchange price.

In addition, there will no longer be ceilings for support, which has so far been set at 253 euros per MWh. So, if electricity becomes more expensive, companies will receive proportional support.

The Minister of Energy, Aleksandar Nikolov, explained that the difference between the May and April prices of natural gas will be compensated. The price announced by the energy regulator for May is about 10 euros per MWh higher than in April. Given the monthly consumption of natural gas in Bulgaria, this measure will cost the state about 30m euros.

It is expected that with the delivery of liquefied gas from the USA in June, the price will fall to around 72 euros per MWh, so there will be no need for new subsidies.

In addition, Deputy Prime Minister Asen Vasilev announced that the excise tax on electricity

and gas (including methane) would be abolished. This will also have a positive impact on companies and carriers.

Source: capital.bg