

Toplofikatsiya Sofia, district heating provider, has terminated the suspicious contract on the sale of electricity on the Independent Bulgarian Energy Exchange (IBEX), following recent statement issued by the Bulgarian Federation of Industrial Energy Consumers (BFIEC).

Namely, as of 1 October, the company was supposed to sell electricity to an anonymous buyer (name of the buyer was not disclosed due to IBEX rules) at the price which is 17 % lower compared to current prices on the free market. However, the contract on the sale of electricity signed on 16 July was terminated by Toplofikatsiya Sofia and did not enter into force, mostly due to public pressure.

Last week, BFIEC issued a statement in which it insisted on implementing urgent measures on the electricity market to ensure its proper functioning. The association calls on the Commission for Energy and Water Regulation (KEVR) to investigate free market transactions due to suspicions of non-market behavior. An example of this is the contract concluded on 16 July 2020 on the centralized market for bilateral contracts, for the purchase of a base load of 50 MW for the fourth quarter of 2020. The transaction price was 39.9 euros/ MWh, which is significantly lower than the weighted average price on day-ahead for the fourth quarter of 2019 of 47.2 euros/MWh. The price at which futures for the delivery of the base product were traded on the same day in the fourth quarter of 2020 on the European Energy Exchange (EEX) was 48.95 euros/MWh. In addition, on the same date, Hungarian futures for the fourth quarter of 2020 were traded at a price of 49.08 euros/MWh. Numerous objections have been addressed to the regulator regarding this transaction and it was soon announced that the seller was Toplofikatsiya Sofia.