



**BRITISH  
BULGARIAN**  
CHAMBER OF  
COMMERCE

*The British Bulgarian Chamber of Commerce*  
with the support of *AES Bulgaria* and *ContourGlobal*  
held its second

***“Brits in Bulgaria” Business Lunch***

hosted by **His Excellency Jonathan Allen, British Ambassador**  
as part of the first **British Weeks** in Bulgaria

with **Principal Speakers**

**Peter Lithgow**, Country Manager, AES Bulgaria

**Garry Levesley**, Executive VP and CEO for Eastern Europe, ContourGlobal

**Gurdial Singh**, Project Director & Head of Project Management Nabucco Gas Pipeline

**Wayne Diamond**, Energy Advisor, British Embassy Sofia

and chaired by **Vesey Crichton**, Partner, Cleves

The series, organised by BBCC, looks at business life in Bulgaria through the eyes of senior British people who live and work in the country. The second event presented a top-level review of the developments underway to meet Bulgaria’s energy needs, and Bulgaria’s place in meeting the energy requirements of others in the region.

Date: Tuesday, 4th June 2013

Time: 12.00 – 14.30

Venue: British Ambassador’s Residence, 36 Vasil Levski Blvd

**Topics for 4<sup>th</sup> June 2013:**

- “Bulgaria’s energy market” presented by *Wayne Diamond*
- “Electricity generation in Bulgaria” presented by *Garry Levesley*
- "Building a gas pipeline across Bulgaria" presented by *Gurdial Singh*
- “Renewable energy in Bulgaria” presented by *Peter Lithgow*

## NOTES

In his welcoming remarks, the British Ambassador commended the BBCC for organising the second Brits in Bulgaria Business Lunch. His Excellency Mr Allen noted the importance of this initiative and emphasised that the second event presented a top-level review of the developments underway to meet Bulgaria's energy needs, and Bulgaria's place in meeting the energy requirements of others in the region.

The British Ambassador was pleased to see the large number of participants in attendance.

### **“Bulgaria’s Energy Sector”**

*presented by Wayne Diamond, Energy Advisor, British Embassy Sofia*

Wayne Diamond presented a comprehensive overview of the Bulgarian energy sector with a special focus on challenges and opportunities for business.

The presentation of the Energy Advisor provided valuable insights into the primary energy mix of the country, characterised by high energy consumption and not so high import levels from one country. Mr Diamond then provided an overview of the key players in the energy system, including the Ministry of Economy and Energy, BEH, the Regulator, NEK, state and non-state generators and distribution companies.

Bulgaria has 13.8 GW generating capacity from which only 40% is used. The country's electricity exports are in decline with one-fifth generation exported in 2012. Electricity retail prices are lowest in the EU: €0.076 pKWh vs. EU Avg €0.138 pKWh).

The country's natural gas consumption is 3bcm/a, 85% of which is imported from Russia and 15% come from the Black Sea, Melrose Resources. Natural gas is mainly used by the industry, with only 3% of households and 16% of municipalities connected.

Some of the key issues in the sector are the development of the country's regional interconnectors and gas storage facilities. Other major challenges include efficiency and affordability (households and industry waste a lot of energy; 61% of households are energy poor); governance (lowest in EU public trust in the regulator, high system losses) and sustainability.

Mr Diamond then presented the opportunities for British companies and the unrivalled expertise and capability of British companies in the area of engineering, finance, legal and regulatory advice, efficiency and sustainability consulting, training.

### **“Electricity generation in Bulgaria”**

*presented by Garry Levesley,  
Executive VP and CEO for Eastern Europe, ContourGlobal*

Garry Levesley began his presentation with an overview of ContourGlobal, a global independent power company that develops, acquires and operates power generating stations for national grids and utilities primarily in developing markets. Headquartered in New York City, ContourGlobal also develops and operates innovative energy solutions for multinational companies.

Mr Levesley then presented the project history of ContourGlobal Maritsa East 3, constructed initially in 1978, and the refurbishment project that includes rehabilitation and modernization works amounting to EUR 650m. Garry elaborated on the results of the refurbishment project: 8% output increase; 17% Efficiency increase; 20 times reduction in Sulfur Dioxide Emissions; 2.5 times reduction in Nitrous Oxide emissions; 25 year lifetime extension.

ContourGlobal Maritsa East 3 is the third largest installed capacity in the country (908 MW Gross). It is also the first lignite power plant at the Balkans in full compliance with the European Environmental Standards.

In the second part of his presentation, Mr Levesley focused on the Bulgarian energy sector and the economics in particular: price composition, absolute price of electricity, relative price of electricity. The hot topics of dependence and expenditures and energy poverty were also presented in detail.

### **"Building a gas pipeline across Bulgaria",**

*presented by **Gurdial Singh, Project Director & Head of Project Management, Nabucco Gas Pipeline***

Mr Singh thanked the organisers for the invitation to make this presentation at a time when the momentous decision on the final selection is imminent. The presentation provided information on the project, including technical specifications, key milestones, progress, market access forecast, gas storage capacity, shareholding structure etc. Mr Singh then elaborated on the Nabucco pipeline project in Bulgaria, its status and next steps on the way to the Final Investment Decision.

### **"Renewable energy in Bulgaria",**

*presented by **Peter Lithgow Peter Lithgow, Country Manager, AES Bulgaria***

Peter Lithgow started his insightful presentation with an introduction of AES Corporation and its global operations in 29 countries managing 38,820 MW generation capacity and 14 utilities that serve 11 million people. He then focused on AES Bulgaria renewable portfolio: the 156 MW St. Nikola Wind Farm, Municipality of Kavarna; AES Solar Bulgaria (Project Kalipetrovo, 3.9 MW in operation; Silistra Portfolio, 17.6 MW in operation).

The indicative goals of the National Action Plan include guaranteed Feed-in-tariffs for RES power plants; Mandatory buy up of produced RE for a 15/25 year term; Guaranteed priority on grid connection for producers of renewable energy; Administrative competence and increased capacity for project development assistance; Creation of a national data base with installed capacities, energy production and consumption available to the public; Public informational campaigns promoting RES.

2020 National plan targets were discussed in the context of the current situation and installed capacity per year (MW). The timeline of changing renewable energy legislation was presented and new capacity allocation mechanisms were explained in detail. Possible solutions to grid issues include fixed connection price per MW, advanced payment/bank guarantee, fixed term of preliminary connection contract, connection schedule for preliminary contracts, obligatory access contract, real-time data transmission.

Mr Lithgow concluded his presentation with 3 suggestions on how to overcome the challenges:

1. Recognizing the need of an active and responsible balancing approach
2. Common strategy for coping with curtailment by managing the demand
3. Assessing the cost-benefit of an eventual dispatch by merit order approach inside RES share of production versus potential free competition modeling

A lively Q&A session followed.

*Vesey Crichton thanked the speakers and the Embassy and also the participants, and invited everyone to join for lunch!*