



The current state of the electricity market in Bulgaria

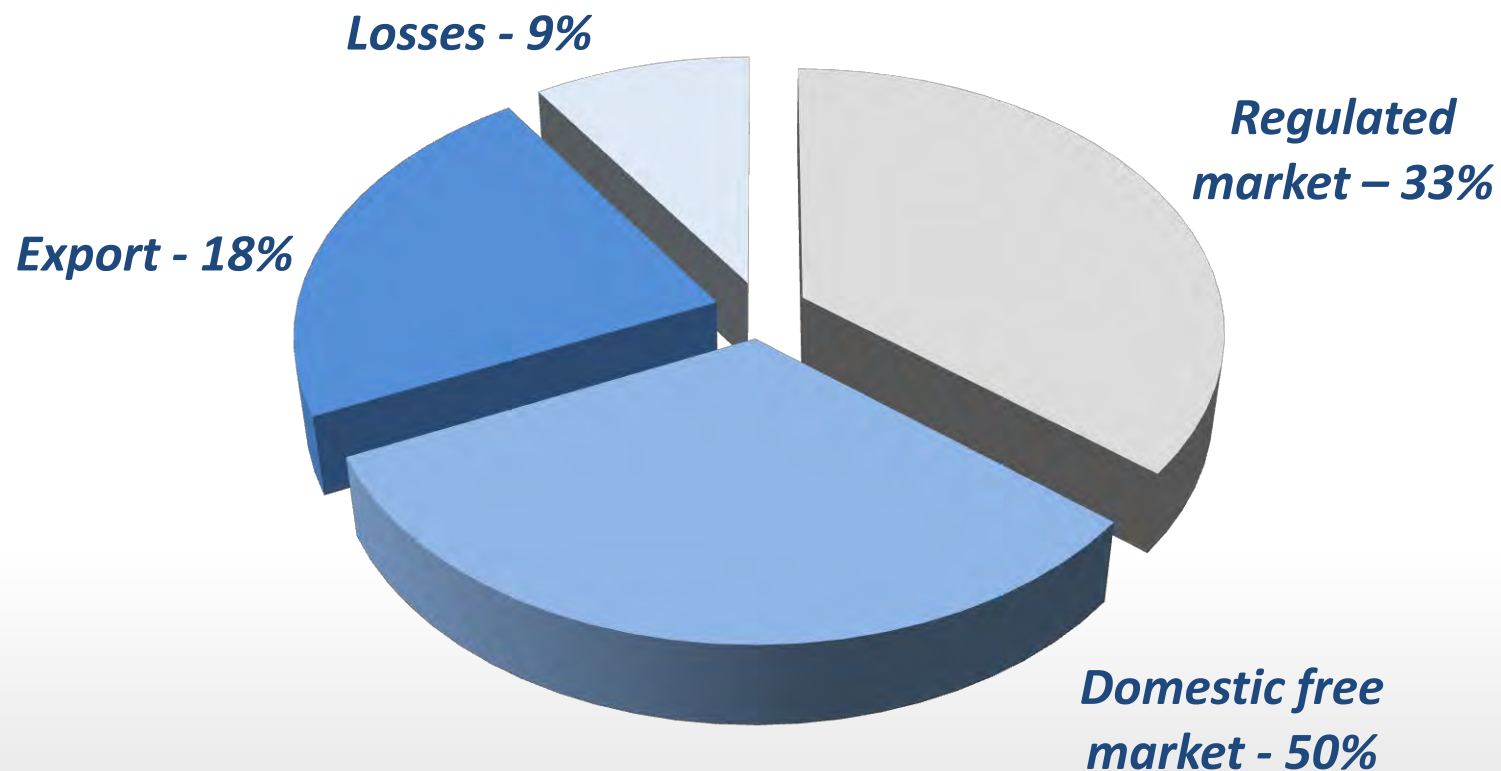
Towards market liberalization



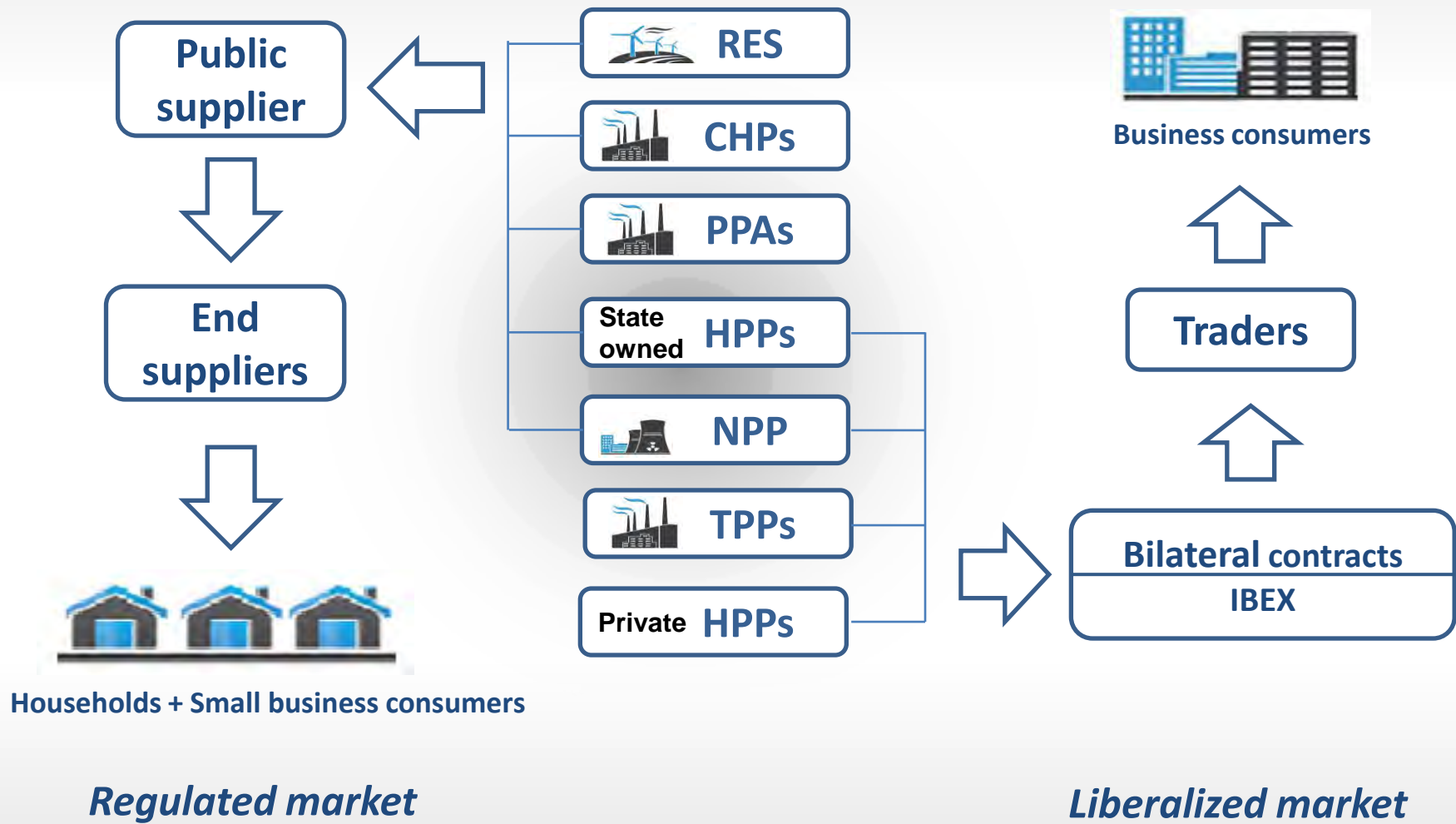


Current state of the market

Generation – 42 TWh



Current state of the market – hybrid model



Current state of the market – market structure

Bilateral contract market

- decentralised
- **centralised**

Day ahead market

Intra day market

- **centralized (planned 2017)**

Ancillary system services market

- centralised

Capacity allocation market

OTC market

- decentralised





Current state of the market - Key Market Issues

1. PPAs



Energy Act requires NEK to buy electricity according to PPAs. The contractual pricing mechanism does not conform to the principles and objectives of the Third Energy Package, creating conditions for the removal of barriers to competition in the energy market.

2. RES support scheme



Increased share of electricity generated from RES and the obligations of NEK to purchase compulsorily the whole amount of power generated from renewable sources at non market feedin tariffs.



Current state of the market - Key Market Issues

3. Lack of competition



Dominant share of electricity on the market generated by companies owned by Bulgarian energy holding (BEH).

4. Lack of trust and confidence across the energy market

5. Lack of conditions for liquid trading on the PX

6. Lack of measures to protect vulnerable consumers



Reforms

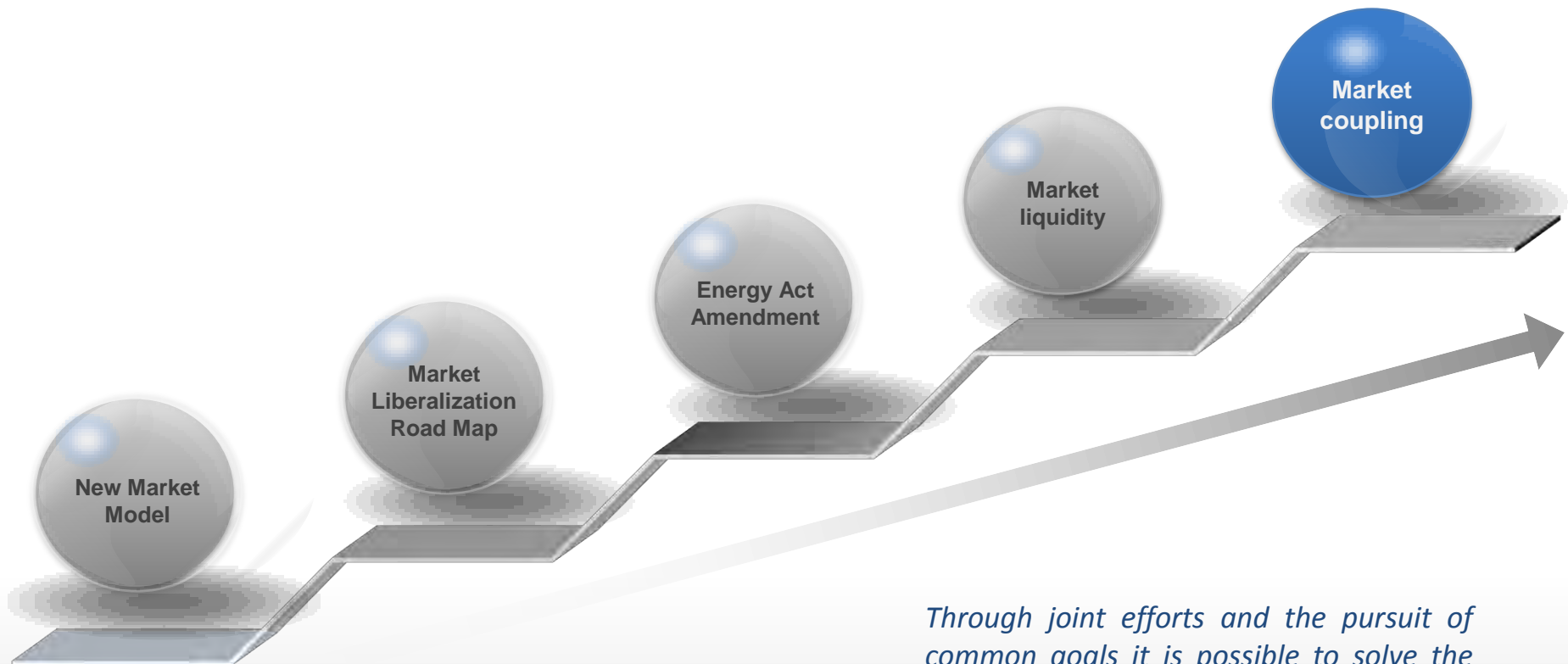
What was done:





Reforms

What have to be done:



Through joint efforts and the pursuit of common goals it is possible to solve the problems in the sector, without negative affect the interests of market participants.



Reforms

Roadmap and steps towards market integration

- *The Price Coupling of Regions (PCR) initiative now enables the coupling of Day Ahead electricity markets in 23 countries representing over 90% of European power consumption.*
- *Common price calculation with Implicit cross boarder capacity allocation*
- *The integrated European electricity market is expected to increase liquidity, efficiency, social welfare and transparency of prices and flows.*



■ Part of PCR initiative

■ 4 MMC

■ Independent

■ Progressing towards market coupling



Reforms

Roadmap and steps towards market integration

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- EU Target model
- Independent



Vision and Priorities to the Commission

- *Electricity markets development in compliance with the European legislation*
- *Promoting confidence in the energy market through transparency, accountability and good regulatory processes*
- *Building up trust with stable and predictable framework*
- *Promote consumer confidence*
- *Minimize the regulatory burden and improving the administrative processes efficiency*
- *Active cooperation with other regulators and participation in the formation of good regulatory practices*
- *Roadmap and steps towards market integration*





Thank you for your attention!

Plamen Mladenovski
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