

SAVE THE ENERGY SECTOR

We, the private investors in the energy sector in Bulgaria, supported by the responsible, sensible and active part of Bulgarian society, including trade-unions and industrial consumers, firmly oppose that populism be above public interest.

We express our strong worries that today the State does not comply with the national long-term interest, EU policies and engagements in the energy sector. The regulated prices of electric energy determined by SEWRC do not cover its production, transmission, distribution and sale cost. The populist pricing policy decapitalizes the energy enterprises including state-owned ones. It becomes impossible to maintain and renovate assets as well as to settle accounts with personnel and suppliers. It deprives Bulgarian economy of incentives for improving its energy efficiency; it creates unfair competition among different kinds of fuels and reduces economy's competitiveness as a whole. Last but not least, state intervention on the market gives a bad signal to business and potential investors. Similar processes are about to be transferred also to other sectors of economy.

With its inadequate, politically motivated decisions, SEWRC has caused a financial and technological crisis in the energy sector. SEWRC has abdicated its responsibilities of independent Regulator and leads the sector to bankruptcy. Currently the processes in the energy sector have gone decades back in time to lack of dialogue, non-transparency, fictitious measures for reform. Should no urgent measures be taken, this crisis will turn into an energy catastrophe.

The attempt to transfer the problem to us - the private investors, stakeholders in the energy market - has failed. The National Electricity Company (NEK) is technically bankrupt. The energy sector experiences deep financial crisis.

In the name of the public interest we insist that the pressure on private investors in Bulgarian economy and energy sector in particular, be ceased immediately .

We call upon the government to be responsible –**in order to overcome the crisis in the energy sector it is necessary that prices cover expenses for production, distribution and transmission of electric energy. Low electricity price favors the rich citizens of Bulgaria not the poor. The lack of future investment in the sector sentences the small towns and villages to low-quality energy supply. The technological collapse of the energy sector wipes out every chance for reindustrialization and economic growth.** At the same time energy-poor households need real financial support, not a symbolic reduction of electricity bills.

We call upon SEWRC and the executive bodies in the energy sector to comply with the principles of rule of law, competitive market economy, and independence of institutions and abide by the public interest.

Public interest requires to stop populism and take urgent actions:

FINANCIAL AND INSTITUTIONAL SUPPORT FOR BULGARIAN ENERGY SECTOR

- 1. Immediate introduction of energy board with financial engagement of international financial institutions - as a guarantee for reforms and observing of law in the energy sector.**

- 2. Elaboration of a matrix of reforms, with the participation of the energy enterprises, approved and financed by the international financial institutions, for execution of EU policies in the energy sector and long-term financial stability of the energy system.**
- 3. Approval of safety social package of direct monthly financial support for energy-poor households.**
- 4. Re-establishment of SEWRC as an independent regulator subordinate only to the rule of law and public interest through a procedure of approval by the Council of European Energy Regulators.**
- 5. Strong commitment of the law enforcement system for recovering the rule of law in the energy sector, eradicating corruption and conflict of interest in the management of state-owned companies in the energy sector.**

We appeal to the politicians and state institutions to act only in favor of the public interest!

Krassen Stanchev

Bulgarian-American Chamber of Commerce

Bulgarian Electric Vehicles Association

Bulgarian Branch Chamber of Energetics

Bulgarian Wind Energy Association

Bulgarian Energy & Mining Forum

Bulgarian Industrial Association

Bulgarian Photovoltaic Association

EVN Bulgaria

ENERGO-PRO

Ilian Vassilev

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Confederation of the Employers and Industrialists in Bulgaria

Independent Trade Union Federation of Energetics in Bulgaria - Confederation of Independent Trade Unions in Bulgaria (CITU)

CEZ Bulgaria