

Postscript from Krassen Stanchev – April 2012

“Belene” and other projects:

- a) BeleneNPP has been cancelled. It means a direct loss of about EURO 800 mln due to poor contract design and planning back in 2002-2008;
- b) Nabuco is on (in the sense there is a Bulgaria state owned company to take part in it) but little or no supply commitments;
- c) Last week the government of Bulgaria (GOB) decided to for similar company for the South Stream, referring to supply commitments by GAZPROM;
- d) In order to secure GAZPROM interests:
 - GOB first (two months ago) pushed through the legislature a Moratorium on Shale Gaz Explorations, the procurement for which had started in June 2011 (Chevron was about to start explorations this summer); the Moratorium was supported by the opposition;
 - Next: the GOB found it's politically incorrect to straight outlaw even the exploration for shale gas, and now is repealing the Moratorium with a procedure that makes such explorations difficult to impossible;
 - And finally: the GOB asked (the day before yesterday) EU for derogation of the EU Gas Directive (re liberalization) and I expect this to happen to electricity liberalization.

2. Ad alleged (by some Russian and international standoff with Russia:

- a) The stoppage of “Belene” is no part of negotiation tactics, since there were no real negotiations;
- b) And I do not see any confrontation, because:
 - Irrespectively past “mistakes” in the contract, Bulgaria pays ROSTOM/ATOMSTROYEXPORT (R/A) in full, even for some services that could be contested (and it seems to have stopped about EURO100 mln. corruption investigation);
 - The stoppage of “Belene” has its costs but they are at least 3-4 times the losses from its construction (conservatively assessed, Proatom. Ru – as mentioned earlier - have much more scaring assessments];
 - The Belene reactor One will be installed at the site of NPP Kozloduy by R/A; the construction of the new nest is about EURO 500 mln
 - On the site of Belene, GAZPROM will build a gas TPP (supplied by the investor);
 - Instead of one project Russia gets two;
 - According to the energy balance produced by my group at IME (and confirmed independently by the Bulgaria Energy Forum, the Ministry of economy, energy and tourism, and other), there is no immediate need in either new capacity (new nuclear reactor in Kozloduy or the gas TPP); until2025 the extra capacity of the Bulgaria energy system will be at least 16% of which the capacity to export is about 10% (30% above the current export);
 - 2010 energy strategy give a priority to gas NPP instead of those on domestic energy resources (e.g. water and lignite)
 - See above 1, “d”.