

3rd INTERNATIONAL CONFERENCE
"RISK MANAGEMENT IN ENERGY 2020"
via International Webinar

Plenary session

"Risks and Prospects of Transforming the World Energy Balance in Terms of Economy Globalization"

Ladies and Gentlemen, allow me first of all to congratulate the organizers of today's important and significant event and, also, to thank them for giving me the opportunity to speak in front of an audience of prominent professionals in energy matters.

The topic of today's plenary session "Risks and Prospects of Transforming the World Energy Balance in Terms of Economy Globalization" provides an opportunity to discuss a large number of scenarios and uncertainties in the field of energy, as well as seeking solutions to cope with the challenges.

The COVID-19 pandemic

2020 put challenges to the world that it had never faced in its entire history. The COVID-19 pandemic and its impact on life in all its aspects has seriously affected national health systems and economies, disturbing the world trade and the supply chain as well as the pace and scale of investment. At the same time, it affected the liquidity of the companies and questioned the implementation of current and planned projects. As a result, economic activity declined sharply. The EU energy system, of which Bulgaria's energy system is a part, has remained relatively intact and continues to function normally, providing reliable and uninterrupted supplies to consumers. The EU's preparedness to respond to crisis situations is a result of a well-functioning energy market and adequately developed response measures in case of such circumstances, including close cooperation between EU Member States and measures stemming from European rules on emergency preparedness in electricity, gas and oil sectors.

Undoubtedly, the Covid-19 pandemic, as well as the impending decline in economic activity worldwide, are expected to have an impact in the energy sector, which will require a possible rearrangement of some priorities, identification of alternative solutions that adequately reflect the new realities, without compromising the continuity, reliability and affordability of energy supply to industry and population.

In the energy sector, the reduction of energy consumption, respectively of electricity production, has been identified as a key negative effect, mainly due to severe restrictions on the activity of industry and the decline in the income of energy consumers. Accordingly, the reduced energy consumption may also lead to a reduction in electricity prices on electricity exchanges. Lower energy consumption will undoubtedly have a negative impact on the

planning of investments in new low-emission capacities, in measures to increase energy efficiency and in the restructuring of polluting energy productions.

In response to the operational challenges related to the pandemic and the measures taken to limit it, the industry has implemented exceptional business measures to ensure the continuity of round-the-clock essential energy operations, while protecting the health and safety of staff.

Instruments for ensuring the security of supply should be used in a spirit of solidarity between Member States. This requires not only solidarity in case of an energy accident, but also cooperation and mutual assistance to prevent a crisis. Mechanisms such as the Electricity Coordination Group, the Gas Coordination Group and the Oil and Petroleum Products Coordination Group already exist within EU to coordinate various measures.

Preparedness measures need to be considered in different scenarios, including prolonged or renewed waves of constraints with interruptions in the mobility of energy workers and supply chains. Measures have been identified to address possible supply security risks, including:

- Providing greater flexibility in the mobility of specialized staff in energy companies, in order to operate and maintain crucial or other essential infrastructure;
- Prioritizing the needs of staff working with crucial energy infrastructure and those who are often exposed to contact with other people, in the distribution of safety equipment and medical test kits;
- Overcoming the difficulties in the implementation of the supply chains of components, equipment and spare parts;
- Ensuring facilitated access of personnel for accomplishment of planned annual repairs and refueling the NPP's reactors;
- Integration of lessons learned and pandemic risks in the analysis of EU scenarios and regional risk.

The energy sector contribution to economic recovery of the European Union

We consider with due care possible approaches and scenarios for the recovery of the energy sector after the crisis, taking into account the principles of ecological transition and the necessary economic transformation to green growth. Solidarity will play a major role in the process of achieving this universal goal. Strengthening cooperation in the fight to overcome the socio-economic consequences will undoubtedly support the process of introducing and implementing various mechanisms to deal with the crisis.

In the **short term**, it should be first outlined measures aimed at the recovery of national economies, taking into account the socio-economic impact and the challenges of the COVID-19 pandemic. Emphasis should be placed on restoring growth, employment and improving competitiveness.

Bulgaria is part of the European Union, which aims to be a world leader in the fight against climate change and in this regard seeks to achieve the objectives of the agreement of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 21) in Paris, while providing clean energy throughout the Union. The announced "Green Deal" is one of the leading priorities of the European Commission and aims to make Europe

the first climate-neutral continent. Bulgaria supports the goals of the announced "Green Deal", which is one of the leading priorities of the European Commission and aims to make Europe the first climate-neutral continent.

In the **medium term**, we expect the proposed scenarios and measures related to the three new initiatives of the Green Deal, such as the Initiative for large-scale renovation of the buildings, the Just Transition Fund and Increasing Renewable Energy Production, by promoting renewable energy projects and building the necessary infrastructure, to reach their full potential.

We also believe that the role of **nuclear energy** as a proven emission-free source, as well as natural gas, should be adequately taken into account in the development of forthcoming initiatives.

Improving energy efficiency and energy savings have a key role in reducing energy emissions. Saving energy is one of the fastest and most cost-effective ways to combat climate change, ensure energy security and achieve sustainable economic and social development. It will also help increase the competitiveness of the industry, as well as create new jobs.

In this regard, the large-scale Renovation Wave is essential for the process of mobilizing financial resources to achieve energy efficient and decarbonized buildings.

The considered scenarios are with proposed measures for increasing the energy sector investments:

- **Supporting the energy sector liquidity** – inclusion of terms upon disbursement of grants and loans provided by the governments and central banks to support the liquidity of companies favoring the green transition.
- **Investment support** - preparation of a large-scale recovery program to stimulate economic growth after the crisis. Support, through the new initiatives mentioned above, to supplement existing energy financing instruments, in particular those supporting projects, with a significant impact on the development of industrial strategic sectors, employment and growth (eg. the Linking Mechanism of Europe, LIFE Program, Horizon 2020 and the Decommissioning Program, etc.) as well as new instruments, such as the EU Renewable Energy Financing Facility.
- **Green energy infrastructure**
Coordinated efforts for timely launch of initiatives by Member States for project proposals aimed at increasing the production of renewable energy, building the necessary infrastructure for its integration, and storage solutions.

Both the aforementioned European Green Deal and the National Energy and Climate Plans can play an important role in the sustainable recovery of the European economy. The "green deal" sets out the following binding climate and energy targets for 2030:

- Reduction of greenhouse gas (GHG) emissions by at least 40% compared to 1990;

- Increasing energy efficiency (EE) to at least 32.5%;
- Increasing the share of energy from renewable sources (RES) to at least 32% of gross final energy consumption, including a clause to review the achievement of the EU target in 2023.
- Ensuring a minimum 15% level of interconnection between Member States.

In pursuance of these guidelines, Bulgaria has adopted an Integrated National Energy and Climate Plan and has defined its national priorities in the energy sector:

- stimulating of low-carbon development of the economy;
- increasing energy security and diversifying the energy resources supply;
- developing of an integrated and competitive energy market;
- use and development of energy from renewable sources, according to the available resources, network capacity and national specifics;
- increasing energy efficiency through the development and application of new technologies to achieving modern and sustainable energy;
- guaranteeing energy at affordable prices for all consumers;
- a consumer protection by ensuring fair, transparent and non-discriminatory conditions for the use of energy services.

Bulgaria is working in several directions to achieve the above priorities: achieving decarbonisation through greater use of renewable sources (RES) in its energy mix, increasing energy efficiency, ensuring energy security, liberalizing its internal energy market and promoting scientific research, innovation and competitiveness.

➤ "Decarbonisation"- Bulgaria is making efforts to increase the share of energy from renewable sources from 25% to 27.09% in gross final energy consumption and to reduce greenhouse gas emissions. In pursuing this goal, Bulgaria will build additional capacity with an emphasis on wind and solar energy. The use of biomass is expected to increase in all sectors: electricity, heat and cooling and transport. Bulgaria will encourage the introduction and use of electric and hybrid vehicles in public and private transport, and the creation of low-emission zones in large cities is envisaged.

➤ "Energy efficiency" - Bulgaria focuses its efforts on achieving energy savings in final energy consumption, focusing on improving the energy performance of buildings, as well as in the production, transmission and distribution of energy.

➤ "Energy security" - the main priority of Bulgaria is the diversification of sources and routes for natural gas supply through the implementation of the following projects: gas interconnection Bulgaria-Greece (IGB), gas interconnection between Bulgaria and Serbia (IBS), participation in the construction of a liquefied natural gas terminal (LNG terminal) in Alexandroupolis and the development of the gas infrastructure with reference to the concept for the construction of a regional gas distribution center "Balkan".

➤ "Internal energy market" - Bulgaria develops a competitive market through full liberalization of the market and its integration into the regional and pan-European market. The unification of the "day forward" market with Romania is expected to be realized by the end of 2020, and that with other neighboring countries - by 2025.

➤ "Research, Innovation and Competitiveness" - Bulgaria is committed to promote the scientific progress in innovative energy technologies, including clean energy production.

In conclusion, I would like to say that the challenges we face make us find innovative solutions and develop. Let us recall the old adage that "every crisis is an opportunity". The crisis with COVID-19 has clearly indicated the way in which the world must develop, in particular the world energy - it is the way of global cooperation, in a spirit of solidarity and unity.

Thank you for the attention!