



In recent decades, Bulgaria has emerged as a prominent energy leader in the Balkan region. Historically, the Bulgarian energy sector has relied heavily on conventional sources such as coal, nuclear energy, and hydroelectric power plants. However, in recent years, there has been a notable shift towards integrating renewable energy sources into the electricity mix. While this transition brings undeniable benefits, it also presents several challenges for balancing the electricity system.

Key issues facing the energy sector and policymakers are influenced by global economic and energy uncertainty, geopolitical tensions, specific aspects of the European Community's energy policy, and local political and economic realities. These factors collectively shape the landscape in which Bulgaria's energy policies are formulated and implemented.

The five Critical Uncertainties for Bulgaria are as follows:

- Prices of commodities and raw materials
- International cooperation
- Workforce
- Accessibility of energy
- Acceptance of energy transition policies

In the years following 2021, a global energy crisis has unfolded, driven by disrupted supply chains and geopolitical conflicts. This upheaval has profoundly impacted not only the prices of critical **energy commodities** and **raw materials** but also the logistical routes for their distribution.

Another important aspect of Bulgaria's energy sector evolution pertains to **international cooperation** across political, commercial, and technological realms. A significant challenge highlighted by energy leaders and policymakers in Bulgaria revolves around **workforce** development. Given the ongoing energy transition and the country's ambitious plans for major energy projects, there is a pressing need for an expanded pool of specialists with interdisciplinary expertise in energy-related fields.

Two additional critical factors contributing to uncertainty are **energy accessibility** and **acceptance**. In times of economic and energy instability, both households and businesses express growing concerns about the reliability of energy supply. For instance, the Bulgarian industry, beyond seeking competitive energy prices, places paramount importance on continuous and readily available energy supplies to maintain competitiveness in both national and global markets.

The five areas of Priority Action for Bulgaria are related to:

- Cost of capital
- The development of electricity infrastructure
- Supply chains
- Fossil industry subsidies
- Energy storage systems

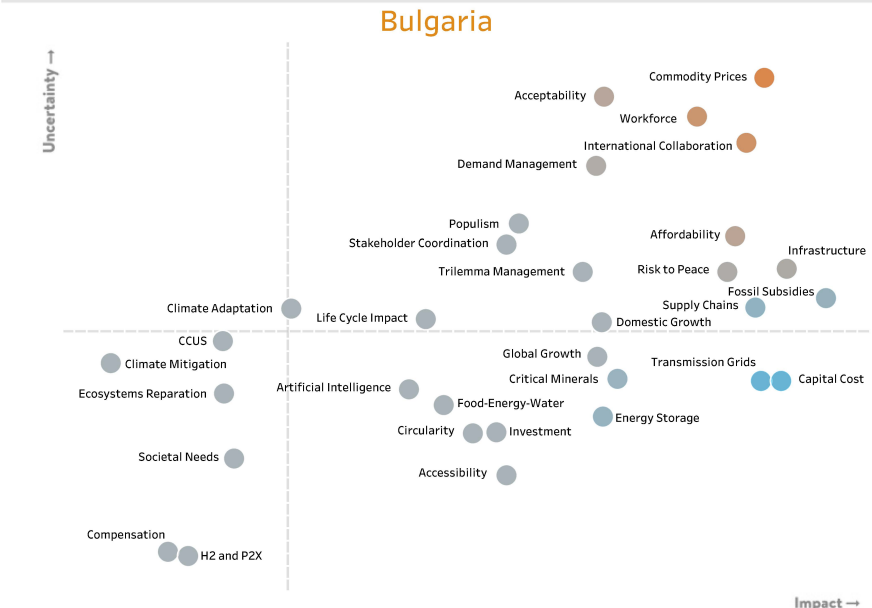
In the realm of energy transformation, Bulgarian energy leaders and policymakers have pinpointed the **cost of capital** as a critical factor requiring immediate attention. This is because the energy transition demands substantial financial resources, not only for the construction of new electricity production facilities like nuclear builds but also for bolstering electricity infrastructure, enhancing transmission capacities, and investing in skilled personnel.

Supply chains represent another vital area demanding focused efforts, particularly in light of disruptions to traditional logistics routes that have been entrenched for decades. As highlighted earlier in this report, Bulgaria heavily relies on coal energy to maintain its power balance. Consequently, policies aimed at the rapid decommissioning of coal power plants have understandably sparked concerns among Bulgarian energy leaders and policymakers.

To address these concerns, policymakers and energy leaders advocate for the provision of a transition period for the fossil fuel industry in the country. This transition can be supported through various means, including **direct subsidization** and the implementation of administrative measures.

Additionally, a crucial priority in Bulgaria is the advancement of **energy storage** systems, particularly crucial with the increasing penetration of intermittent energy sources. The country's energy storage agenda encompasses the development of pumped-storage hydropower plants and other types of energy storage systems to ensure grid stability and reliability amidst the evolving energy landscape.

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----- Centre-point line
Critical Uncertainties: what keeps energy leaders awake at night
 Very Low | Very High
Action Priorities: what keeps energy leaders busy at work
 Very Low | Very High