



CONSULTPRICE - SOFIA



Type report and
object of evaluation

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Report for determination of indicative market value (in terms of market value and most probable selling price in case of remunerated market transaction) of electricity and respectively of the potential costs for electricity for the needs of Sopharma AD, in connection with the requirements of art. 114 and 114a, para 6 of LPOS and preparation of a Substantiated report to the General Meeting of the shareholders for approval of the necessary financial resource.

Date of evaluation

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10 March 2021

Period

»

3 (three) year



SUMMARY

Purpose of the evaluation

Determining the indicative market value of electricity and respectively the potential costs for electricity for the needs of Sopharma AD, in connection with the requirements of art. 114 and 114a, para 6 of LPOS and preparation of a Substantiated report to the General Meeting of Shareholders for approval of the necessary financial resources.

Object of evaluation

Market value of an object (asset) - electricity, in connection with a transaction for the purchase of the same for the needs of Sopharma AD as a factual relationship of the commercial enterprise with a trader of electricity from the free market.

Timeliness and validity of the assessment

This assessment is oriented to the date 10 March 2021, as the validity of the analyses, conclusions and results contained in it, provided that the established and compliant market parameters and identification characteristics for the assessed object remain unchanged, is set at 36 (thirty-six) months from the time fixed above. The evaluation should be reviewed in the event of market deviations and quantitative parameters greater than those allowed, as described below in the report and evaluation analyses.

Contractor

A team of independent appraisers at CONSULTPRICE Ltd. consisting of:

- independent appraiser - Elena Georgieva Kuzova (Reg. № 500100279, with legal capacity to perform valuation of commercial enterprises and receivables and Reg. № 600100026, with legal capacity to perform valuation of financial assets and financial institutions);
- independent appraiser - Georgi Volenov Kuzov (Reg. № 500100698, with legal capacity to assess commercial enterprises and receivables).

Regulatory framework and applicable evaluation standards

This evaluation report is made on the basis of art. 6 (2) of the Independent Appraisers Act and is based on Bulgarian Appraisal Standards (BSO 2018), effective from 01.06.2018;

Specific restrictions and assumptions

At the time of preparation of the evaluation report, a high degree of uncertainty was registered given:

- Introduced a change in the legal framework for the transition from a regulated to a liberalized energy market, to the sale / purchase of electricity from the Free Market for legal entities (non-residential customers) and individuals through licensed electricity traders, effective from 01.10.2020;
- Given the ongoing liberalization of the energy market for non-household consumers from 01.10.2020, there is no information on long-term predictability (maximum forecast period of up to 6 months for the stock market segment "day ahead") in determining electricity prices included in the portfolio of traders, sellers of energy on the free market;
- The offered prices for transactions between traders and consumers of electricity depend on the consumption and financial condition of the specific customer. The traders apply an individual approach based on the customer's load profile, as well as the financial condition of the company in connection with determining the individual risk of the specific client (usually the clearing hourly price of the *Bulgarian Independent Energy Exchange* (BIEE) in the segment "Market day ahead" or average portfolio price plus individual margin);
- Limited opportunity for information regarding specific cases of non-residential users, according to the information published at the moment on the websites of SEWRC;
- There is a discrepancy between the deadline for selection of a supplier by non-residential consumers (01.10.2020, when submitting an application no later than 10.09.2020) and the obligation of the EWRC to inform the public (until 31.12.2020) through an electronic platform for the prices of electricity of the various suppliers / traders (as well as statistics); As of the date of the report, such a platform already exists, although not so well developed, as supply is still limited to a few merchants on the platform;



- Information on the movement of spot prices from the energy exchange for suppliers / merchants is also offered;
- A working way of informing when choosing a supplier by a non-residential user, in addition to the public information in the EWRC platform, is an individual request from the respective potential user to suppliers / merchants for offer conditions, which does not always turn out to be successful and accessible; it is related to technological time for inquiries, with low efficiency of realization of inquiries; suppliers / merchants require additional information and form individual conditions and prices; there are difficulties in making an informed choice of electricity supplier;
- Extreme measures (such as conditions and time) are possible when working in the conditions of a pandemic of Covid 19, in which the country, the EU member states and the world as a whole are located;

Assumptions:

- It is assumed that the object of evaluation - a transaction for the purchase of electricity is a factual relationship of a commercial enterprise in connection with the meaning of art. 15 of the Commercial Law, which considers the individual enterprise as a set of rights, obligations and factual relations. In the specific case, the subject of analysis is part of a commercial enterprise or specifically the actual relations of Sopharma AD with a trader in a transaction for the purchase of electricity, representing costs or liabilities of the company;
- It is assumed that the transaction for the purchase of electricity meets the requirements of art. 6 (2) of The Independent Appraisers Act, as electricity can be valued in money;
- It is assumed that the rights under a contract for the purchase of electricity as a factual relationship can be transferred together only with the whole commercial enterprise as an incorporated part of the same without the possibility of division;
- The evaluation analyses are in compliance with the requirements of art. 114 of the LPOS;
- The assumptions made for the purposes of this report are disclosed in the course of the evaluation, in the section Evaluation analyses, taking into account the specific limitations in the transition to a free market for electricity supply to non-household consumers, described above, valid at the date of the report.
- General assumptions, according to the applied approach and valuation methods, in accordance with the requirements of the valuation standards, effective from 01.06.2018.

Approaches used in evaluation (and corresponding methodology)

- Comparative approach through the Method of market comparisons (analogues);
- Cost approach through the Depreciated replacement value method and in this case the depreciation is not taken into account due to the specificity of the object of evaluation;
- Combination of eligible approaches and assessment methods according to BSO 2018.

Result of valuation analyses for market value of electricity transaction

Recapitulation of results			
Indication of market value / price of electricity transaction		From Analysis 1 to Analysis 4	
Parameters and elements of evaluation analysis		value	measure
Indication of market value from valuation analysis 1		12 735 314,92	BGN
Indication of market value from valuation analysis 2		13 270 412,18	BGN
Indication of market value from valuation analysis 3		13 270 412,18	BGN
Indication of market value from valuation analysis 4		11 263 873,88	BGN
Indication of average unit market value / price of electricity transaction for a three-year period of free market		121,50	BGN / MWh
Indication of market value / price of electricity transaction for a three-year period of free market:		13 002 863,55	BGN Median
maximum value / price based on an average deviation of + 8.47%:		14 104 206,09	BGN
minimum value / price based on an average deviation of - 8.47%:		11 770 155,94	BGN
Note: the results are based on a forecast (consumption and price) for a period of 3 (three) years			
Indication of market value / price of electricity			



GENERAL PARAMETERS AND RESTRICTIVE CONDITIONS OF THE EVALUATION

This report, as well as the data, analyzes and conclusions contained therein, are the result of a market assessment, in accordance with the following data characterizing the conditions of its agreed¹ implementation:

Purpose of the evaluation

Determining the indicative market value of electricity and respectively the potential costs for electricity for the needs of Sopharma AD, in connection with the requirements of art. 114 and 114a, para 6 of LPOS and preparation of a Substantiated report to the General Meeting of Shareholders for approval of the necessary financial resources.

Object of evaluation

Market value of an object (asset) - electricity, in connection with a transaction for the purchase of the same for the needs of Sopharma AD as a factual relationship of the commercial enterprise with a trader of electricity from the free market.

Timeliness and validity of the assessment

This assessment is oriented to the date 10 March 2021, as the validity of the analyses, conclusions and results contained in it, provided that the established and compliant market parameters and identification characteristics for the valuated object remain unchanged, is set at 36 (thirty-six) months from the time fixed above. The evaluation should be reviewed in the event of market deviations and quantitative parameters greater than those allowed, as described below in the report and evaluation analyses.

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Applicable standards (regulatory framework for evaluation)

- Bulgarian standards for assessment (BSO 2018), effective from 01.06.2018. *Bulgarian evaluation standards are mandatory for application by all independent appraisers entered in the Register of Independent Appraisers at CIAB, according to LIA (Law on Independent Appraisers), as the mandatory requirements are defined in item 1.1.2 of Part One of BSO. The Bulgarian evaluation standards are a reception of the international evaluation standards and of the European standards, relevant to the regulation of the evaluation, according to the Bulgarian legislation. No deviation from the standards is allowed, neither at the initiative of the evaluator, nor at the request of the assignor or the user of the evaluation.*
- This appraisal report is made on the basis of art. 6 (2) of the Independent Appraisers Act.

Approaches used in evaluation (and corresponding methodology)

- Comparative approach through the Method of market comparisons (analogues);
- Cost approach through the Depreciated replacement value method and in this case the depreciation is not taken into account due to the specificity of the object of evaluation;
- Combination of eligible approaches and assessment methods according to BSO 2018.

Information used

- Provided offers to traders / energy suppliers for non-household consumers, based on the specific consumption profile of Sopharma AD on the KEVR platform, available on the Internet address – <https://platforma.dker.bg/> ;

¹ with assignor of the assessment: Sopharma AD;



- The specific normatively determined by the KEVR fees for transmission and access to the electricity distribution networks through the electricity distribution companies, to which the sites of Sopharma AD are connected;
- Consumption profile by the sites of Sopharma AD;
- Capacity of the sites agreed with the distribution companies;
- Legislation, valid during the transition to a liberalized regime for supply of electricity to non-domestic electricity consumers, in force from 01.10.2020;
- Other publicly available information;

Specific restrictions and assumptions

At the time of preparation of the evaluation report, a high degree of uncertainty was registered given:

- Introduced a change in the legal framework for the transition from a regulated to a liberalized energy market, to the sale / purchase of electricity from the Free Market for legal entities (non-residential customers) and individuals through licensed electricity traders, effective from 01.10.2020;
- Given the ongoing liberalization of the energy market for non-household consumers from 01.10.2020, there is no information on long-term predictability (maximum forecast period of up to 6 months for the stock market segment "day ahead") in determining electricity prices included in the portfolio of traders, sellers of energy on the free market;
- The offered prices for transactions between traders and consumers of electricity depend on the consumption and financial condition of the specific customer. The traders apply an individual approach based on the customer's load profile, as well as the financial condition of the company in connection with determining the individual risk of the specific client (usually the clearing hourly price of the *Bulgarian Independent Energy Exchange* (BIEE) in the segment "Market day ahead" or average portfolio price plus individual margin);
- Limited opportunity for information regarding specific cases of non-residential users, according to the information published at the moment on the websites of SEWRC;
- There is a discrepancy between the deadline for selection of a supplier by non-residential consumers (01.10.2020, when submitting an application no later than 10.09.2020) and the obligation of the EWRC to inform the public (until 31.12.2020) through an electronic platform for the prices of electricity of the various suppliers / traders (as well as statistics); As of the date of the report, such a platform already exists, although not so well developed, as supply is still limited to a few merchants on the platform;
- Information on the movement of spot prices from the energy exchange for suppliers / merchants is also offered;
- A working way of informing when choosing a supplier by a non-residential user, in addition to the public information in the EWRC platform, is an individual request from the respective potential user to suppliers / merchants for offer conditions, which does not always turn out to be successful and accessible; it is related to technological time for inquiries, with low efficiency of realization of inquiries; suppliers / merchants require additional information and form individual conditions and prices; there are difficulties in making an informed choice of electricity supplier;
- Extreme measures (such as conditions and time) are possible when working in the conditions of a pandemic of Covid 19, in which the country, the EU member states and the world as a whole are located;

Assumptions:

- It is assumed that the object of evaluation - a transaction for the purchase of electricity is a factual relationship of a commercial enterprise in connection with the meaning of art. 15 of the Commercial Law, which considers the individual enterprise as a set of rights, obligations and factual relations. In the specific case, the subject of analysis is part of a commercial enterprise or specifically the actual relations of Sopharma AD with a trader in a transaction for the purchase of electricity, representing costs or liabilities of the company;
- It is assumed that the transaction for the purchase of electricity meets the requirements of art. 6 (2) of The Independent Appraisers Act, as electricity can be valued in money;
- It is assumed that the rights under a contract for the purchase of electricity as a factual relationship can be transferred together only with the whole commercial enterprise as an incorporated part of the same without the possibility of division;



- The evaluation analyses are in compliance with the requirements of art. 114 of the LPOS;
- The assumptions made for the purposes of this report are disclosed in the course of the evaluation, in the section Evaluation analyses, taking into account the specific limitations in the transition to a free market for electricity supply to non-household consumers, described above, valid at the date of the report.
- General assumptions, according to the applied approach and valuation methods, in accordance with the requirements of the valuation standards, effective from 01.06.2018.

General restrictive conditions

Pursuant to Art. 6, para 3 of the LIA², an evaluation of an object is an opinion of the independent appraiser on the value of the object³ of the object for a specific purpose at a certain time and in the conditions of a specific market, which opinion is not mandatory for the contracting authority

In this case, the indication of market value of the valuated object is built on an accepted basis for the value - "Market value", which according to the applicable valuation standards (including Part I, item 1.5.2.1 of BSO; Part II - Section V / Specific and special requirements for valuation of commercial enterprises and receivables;) should reflect data and circumstances related to the possible market realization of the same object / asset, without taking into account its characteristics and / or advantages that have value for a specific owner or a specific buyer, and reflect characteristics and / or advantages related to physical, technical, technological, geographical, economic, legal and other significant circumstances for the valuated object / asset, i.e. a value base that, according to international valuation standards, must comply with the purpose of the valuation and reflect the price that can be obtained from the sale of an asset or paid for the transfer of liabilities between market participants through a normal transaction at the date of its measurement/valuation.

The value base thus presented and accepted for the purposes of the valuation fully reflects the conceptual framework for defining the nature and applicability of the assessed market remuneration in accordance with the following specific conditions:

(a) «estimated amount» is the price in monetary terms that is payable for the asset in a transaction under market conditions. Market value is the most probable price that can reasonably be expected to be achieved on the market at the valuation date, following the market value definition. This is the best price reasonably achievable by the seller and the best price reasonably achievable by the buyer. This estimated amount expressly excludes increases or decreases due to special conditions or circumstances, such as atypical financing, sale with a reverse lease, remuneration or discounts provided by a person related to the sale, or any items of value available only to a specific owner or buyer.

(b) «an asset or liability should be transferred» refers to the fact that the value of the asset is an estimated amount and not a predetermined amount or actual selling price. This is the transaction price that meets all elements of the market value definition at the valuation date.

(c) «as of the valuation date» requires the value to be positioned in time - as of a certain date. As markets and market conditions may change, the estimated value may be incorrect or inappropriate at any other date. The estimated amount reflects the actual state and circumstances of the market at the valuation date and not at a past or future date.

(d) «between a willing buyer» refers to a person who is motivated but not forced to buy. Such a buyer is neither too impatient nor determined to buy at any cost. This buyer also buys according to the realities of the current market and current market expectations, and not according to an imaginary or hypothetical market whose existence cannot be proven or expected. The prospective buyer will not pay a higher price than the market wants. The current owner is among those who make up the «market».

(e) «and a willing seller» i.e. a seller who is not overly impatient or forced, willing to sell at any price or withhold the sale until a price is considered unrealistic for the current market. The willing seller is motivated

² Law on Independent Appraisers (promulgated SG No. 98 / 14.11.2008, amended SG No. 49 / 29.06.2010, amended SG No. 62 / 10.08.2010, amended SG No. 19 / 08.03.2011);

³ according to item 1.5.1 of BSO 2018 - value for the purposes of valuation of objects / assets, is an opinion of an independent appraiser, reflecting the usefulness and value of the object / asset, expressed in money, for a specific purpose, at a certain point in time and in the conditions of a specific market and taking into account relevant circumstances in the course of the valuation (for the purposes of the valuation, the expressed opinion on value does not include taxes and fees regulated by the current regulations);



to sell the asset on market terms for the best price that can be achieved on the free market after proper marketing, whatever that price is. The factual circumstances surrounding the beneficial owner are not part of this consideration, as the willing seller is a hypothetical owner.

(f) «through a market transaction» means a transaction between parties that do not have a specific or special relationship - for example, a parent company and subsidiaries, or an owner and tenant, which may make the price level atypical or inflated. It is assumed that a transaction at market value is between unrelated parties, each of which acts independently.

(g) «after appropriate marketing» means that the asset has been exposed to the market at the most appropriate level in order to be sold at the best price reasonably achievable in accordance with the definition of market value. The method of selling is considered to be the most appropriate when it results in obtaining the best price on the market to which the seller has access. The exposure time is not a strictly defined period, but varies according to the type of asset and market conditions. The only criterion is that sufficient time must have been provided for the asset to reach the attention of an appropriate number of market participants. The exposure period is before the assessment date.

(h) «where each party has acted in an informed, prudent manner», ie. it is assumed that the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, the actual and potential uses of the asset, and the market situation at the valuation date. It is also assumed that each of them uses this information prudently to achieve the price that is most advantageous for his position in the transaction. Prudence is assessed on the basis of the state of the market at the date of the assessment, and not on the basis of a more favorable position to make the assessment retrospectively over the past period. For example, it is not necessarily unwise for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as in transactions in markets with changing prices, the prudent buyer or seller will act in accordance with the best available market information at the time.

(i) «and without coercion» requires each party to be motivated to enter into the transaction, but without being forced or compelled to do so.

The concept of market value implies a price negotiated in an open and competitive market, where participants act freely. The market value of the asset reflects its most complete use. The most complete is the use of the asset, in which it achieves its maximum productivity and which is possible, legally permissible and financially feasible. The most complete use may be a continuation of the existing use of the asset, or it may be an alternative use. It is determined by what use the market participant would have in mind about the asset when determining the price it is willing to offer.

Possession of this report or a copy thereof does not imply the right to publish it in whole or in part, which excludes the possibility of its use by third parties without prior authorization by the contracting authority or acting in accordance with duly applied law.

The parameters, analyses and results presented in the report are applicable only for the specific objectives of the valuation and have an up-to-date character within the period of validity fixed above, during which the expectations for changes in the price levels on the respective market are within $\pm 15\%$.

The presented analyses and conclusions are non-misleading and are the result of unbiased thinking within the professional competence of the evaluators, and their presentation in the form of a written report does not in any way infringe the rights of third parties.

There are no personal interests on the part of the evaluators in relation to the object of evaluation and to the parties to a possible transaction or other dispositional actions with it and in this sense the final remuneration for preparation of the evaluation is not connected under any pretext with establishing a predetermined value or intentionally directing the result in order to benefit or achieve financial effects from future events.

Evaluators may not provide third parties with information related to the data and results of the assessment, as well as indirect information that could harm the interests and rights of the contracting authority, except in cases determined by the proper application of law or special powers.



The evaluators inspected the property⁴ of the evaluated enterprise, and at the same time a formal analysis was made to establish a correspondence between the factual situation and identification data for the same property, contained in documents for ownership (by the assignor of the evaluation) and / or material - accounting and / or other specific information concerning the valuated object.

The submitted documentation for the assessed site and the information contained in it was considered⁵ during the assignment of the evaluation, thus it was accepted, analyzed and interpreted by the evaluators in accordance with the specific needs of the evaluation, and in a ascertaining aspect whereby no representation, guarantee and/or liability can be expected to be formalized by the content of this report. In the event that a truth other than that in the evidence provided by the contracting authority is established, the valuation should be reviewed and the market value formed updated on the basis of new data.

In accordance with the above, the information used in the documentation submitted for consideration for the assessed site does not constitute and does not contain personal data, and its processing for the purposes of this assessment does not conflict with the provisions of PDPA / Personal Data Protection Act/ and the requirements of Regulation 2016 / 679 of the EC for personal data protection.

The contracting authority or the end user of the valuation, in accordance with the regulation of the above-cited art. 6, para 3 of dispositional actions with the valuated object in its entirety or in part.

Regardless of the content of the above limiting conditions and prerequisites, the evaluators have submitted a declaration in accordance with the requirements of art. 21, para 1 of the LIA, which is attached to this report, after the section with the results.

The certification of the professional competence possessed by the assessors is established by a signed signature and an individual seal, the issuance of which by the CIAB can be seen from the data contained in the information base of the public register at the CIAB - - <http://www.ciab-bg.com/>. The evaluation standards cited in this report can be fully considered at the same address.

⁴ at the time of the assessment;

⁵ without being copied and stored in the contractor's archive, using only technical and accounting data to specify the characteristics and parameters of the assessed object, ie. the assessors do not keep an archive with data about the objects of assessment, as well as about the assignors of the assessments;



METHODOLOGY USED

The following approaches and valuation methods have been applied to derive a market indication for the value of electricity and respectively the value of the electricity costs of Sopharma AD:

- Comparative approach through the Method of market comparisons (analogues);
- Cost approach through the Depreciated replacement value method and in this case the depreciation is not taken into account due to the specificity of the object of evaluation;
- A combination of the above approaches (and corresponding assessment methods).

However, the application of the approaches and their corresponding methodology has its difficulties. The following factors are limiting in this case:

- Emerging liberalized electricity market for non-household consumers and the resulting actions in the framework of improving the management of the system;
- Specifics of the regulatory requirements for supply and consumption of energy for non-domestic consumers, which depend to a large extent on specific parameters of electricity consumers (load profile, capacity and financial condition of the consumer);
- Seasonal, as well as variable round-the-clock traffic of consumption and power at non-household users;
- Ongoing integration processes of the Bulgarian Energy System Operator (BESO) and the Bulgarian Energy Exchange (BEE) within the unified EU market;
- Hard-to-access public information on comparable uncontrolled transactions;
- Regulatory mechanism for determining fees, surcharges over the exchange price of electricity and other parameters, periodically / annually determined by the regulator SEWRC, different (including individual) for electricity producers, traders and electricity -distribution companies (network add-ons for transmission and access to the electricity system).

Comparative approach, Method of market comparisons

The comparative approach brings out value by comparing the object / asset subject to valuation with identical or similar / similar objects / assets for which price information is available.

The method for applying a comparative approach is the Method of market comparisons (analogues). The method is based on price information obtained from reliable sources.

When applying the method, the evaluators performs a comparative analysis of the qualitative and quantitative similarities and differences between the comparable objects / assets and the assessed object / asset. If necessary, adjustments shall be made, justifying and disclosed in the assessment report.

Cost approach, Amortized replacement cost method.

The cost approach derives value and is based on a detailed estimate of the costs required to create or acquire an object / asset, similar or identical, with the same purpose and usefulness as the estimated one. It is considered that for a given object / asset a potential buyer would not pay more than the value of the costs for creation or acquisition of an equivalent similar or identical new object / asset.

The concept of the cost approach, or the value of the cost of creating / acquiring a new equivalent similar / identical object / asset, is based on the assumption that the object of valuation does not cost more than replacing it with a suitable similar / identical new one, with the same or -related functions and technical and economic parameters.

Amortized replacement cost method. The method is based on determining all direct and indirect costs for replacement of the valuated object / asset with an identical one, taking into account the different types of wear. The replacement value should reflect all the incidental direct and indirect costs of acquiring the object / asset that would be incurred by a market participant in creating an equivalent modern asset. The determined value of the equivalent is subject to adjustment for obsolescence and depreciation to reflect the amount in reduction in terms of its physical condition, functionality and economic utility.



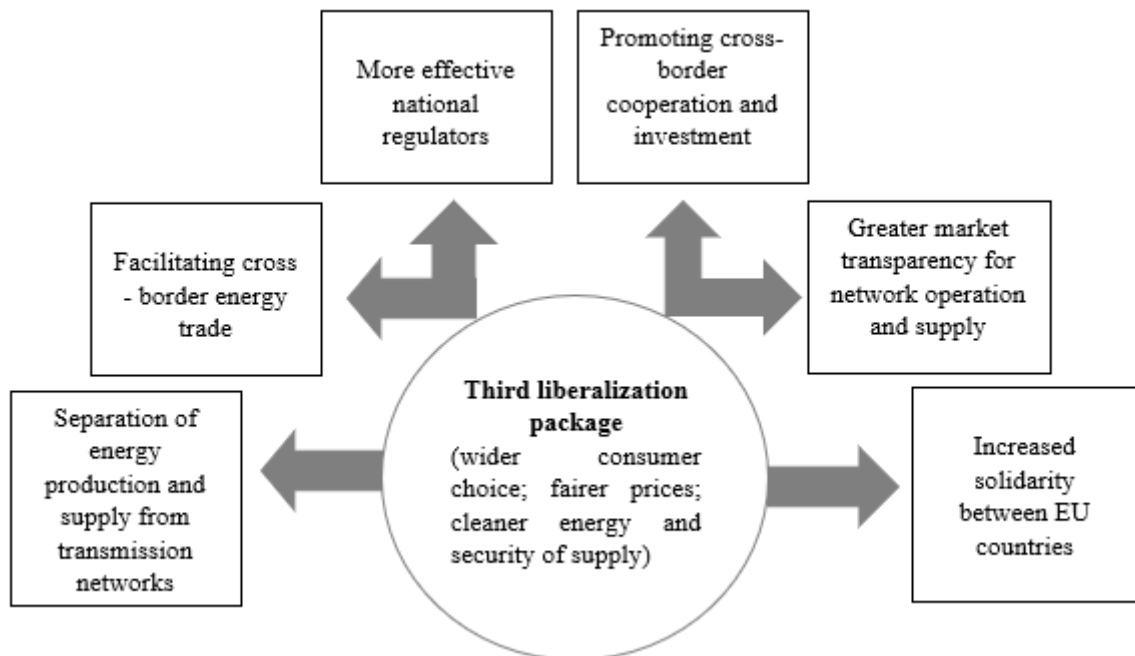
ELECTRICITY MARKET

In fulfillment of the objectives set in the Energy Strategy of the Republic of Bulgaria until 2020 and in connection with the commitments of the country arising from its membership in the EU, in 2012 and thereafter adopted amendments to the Energy Act, which Directive 2009/72 / EC on the electricity market was transposed.

Issue 57 of the State Gazette of 26 June 2020 promulgated the Law for amendment and supplement of the Energy Act. The amendments thus made to the Energy Act are in line with the requirements of Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market in electricity and amending Directive 2012/27 / The EU, as well as in fulfillment of the commitment of the Republic of Bulgaria as a member state of the European Union to fully liberalize its electricity market.

With this legislative act and with the adoption of the bylaws, conditions were created for the development of the electricity sector and its market liberalization, in accordance with the requirements proposed in the Third Energy Liberalization Legislative Package of the EU.

Third liberalization package of the EC:



The electricity market in the country operates while ensuring the independence of the transmission system operator under the model Independent Transmission Operator, as the activity of this operator is carried out by ESO EAD (Electricity System Operator EAD).

Liberalization of the electricity market

In line with the EC's Third Liberalization Package, Bulgaria has taken steps towards full liberalization of the electricity market. As a result of legal changes from the beginning of 2018, the entire amount of electricity produced for the free market is traded only on the trading platforms of the IBEX.

On the electricity market, in addition to the segment for transactions at freely negotiated prices, there is also a segment for transactions at regulated prices, in connection with the right of end customers connected at low voltage level to be supplied at regulated prices by final suppliers. entirely on the free market).

From 1 October 2020, only household customers have the right to supply at regulated prices, and the sites of non-household end customers connected to the low-voltage electricity distribution network are supplied with electricity at freely negotiated prices, under conditions guaranteeing a smooth transition.

Introduction of an "intraday market"



In 2018, an “intraday market” was launched, which is the link between long-term bargaining, the “day-ahead” short-term market and the real-time market, the balancing market. With its introduction the overall structure of the market in Bulgaria is built - such as it exists in most European markets, allowing participants to change their contractual positions, according to the forecast for production or consumption, as close as possible to the actual trading hours.

The activities related to the electricity market are carried out on the basis of licenses issued by the EWRC. EWRC is an independent state body that regulates the activities in the energy sector, and with regard to the electricity market, exercises control related to the implementation of the requirements for free competition and market transparency.

In the process of full liberalization of the electricity market, the necessary regulatory and regulatory conditions will be created, enabling all customers to benefit from direct market participation.

Participation in integration processes

The development of the electricity market in the country is closely connected both with the process of its liberalization and with the unification with the electricity markets in the EU and in the region of the Western Balkans. ESO EAD, together with all transmission system operators in Europe, in accordance with the requirements of EU Regulation 2015/1222, signed in May 2018 the Agreement for coordinated implementation of the single market interconnection function within the day between TCID and IDOA and the Cooperation Agreement between TCID. Thus started its participation, together with the IBEX in the process of integrating the Bulgarian border with the common European market within the XBID project for a time horizon within the day.

The Bulgarian Transmission Operator (ESO EAD, Electricity System Operator EAD) and the Bulgarian Market Operator (BIEE, Bulgarian Independent Energy Exchange EAD) are full members of SDAC (Single Day AheadCoupling), taking into account the specific characteristics of neighboring markets, incl. Romania and the Republic of Greece.

For the effective functioning of the single internal market on the territory of Europe, it is necessary for the organization and functioning of “the day-ahead” and “intraday markets” of the EU Member States and the countries of the Energy Community to be carried out under the same rules and organization of the electricity market.

The unification of the electricity exchange market of the Republic of Bulgaria with the exchange markets of the neighboring countries, in order to fully integrate with the common European energy market, is realized through the following exchange projects:

- Market „Day-ahead“;
- Market „Intraday“.



FREE ELECTRICITY MARKET (BIEE) - VALID FROM 01.10.2020

A. General statement

The Bulgarian energy market for non-household consumers, who must switch to a free market and liberalized prices, is starting from 1 October 2020.

From 1 October 2020, non-household customers connected to the electricity distribution network - low voltage, must enter the free market, according to the amendments to the Energy Act, in force from 26 June 2020, which are in accordance with the requirements of Directive European Parliament and of the Council of 5 June 2019 on common rules for the internal market in electricity and amending Directive 2012/27 / EU.

The liberalization of the electricity market goes through several phases:

- the first phase requires mandatory entry into the free market of medium voltage businesses, and
- the second - low voltage businesses, including small and medium business (non-residential subscribers) and the upcoming third phase 2021 - household subscribers.

We are currently in the second phase, as the adopted amendments to the Energy Act of 5 May 2020, regulate terms and requirements for all business subscribers connected to low voltage, must choose an electricity supplier by 1 October 2020 (whether rented or in their own premises).

This measure makes it possible to choose an electricity supplier in accordance with the user's profile. It can also achieve optimal conditions for supply and balancing, as well as competition between electricity suppliers and achieve better conditions for consumers.

Legal entities that have not concluded a contract with an electricity trader by 1 October 2020, will remain at **ex officio tariffs** on the free market, having this option until 30 June 2021. If they do not conclude a contract with an electricity trader on a free electricity market by then, they will be automatically transferred to a Supplier of Last Instance (SLI), where **the prices** they will pay for electricity are **higher**.

Information on all electricity suppliers in connection with the licenses issued to them by the EWRC for conducting "electricity trading" is available on the EWRC website <https://portal.dker.bg/registri/litsenzii> и е приложена в края на доклада.

Choice of electricity supplier

A contract for the supply of electricity at freely negotiated prices may be concluded with any commercial entity that holds a license to perform the activity "electricity trading". Information on all electricity suppliers in connection with the licenses issued to them by the EWRC for conducting "electricity trading" is available on the EWRC website

<https://portal.dker.bg/registri/litsenzii>

When choosing a supplier at freely negotiated prices, non-household customers should keep in mind that the electricity supplier of their choice *must also be a coordinator of a balancing group in accordance with the Electricity Trading Rules*.

This change affects all legal entities (companies), regardless of their size and amount of electricity consumed.

Terms and prices offered by electricity traders

In well-developed wholesale and retail energy markets, retailers have the opportunity to offer a diverse price list. This allows customers to choose the optimal pricing solution for them, depending on their potential for flexibility and willingness to take risks. At the time of the report, many of these international practices have been implemented or are in the process of being introduced in the country.

The usual practice for retailers is to prepare and offer integrated offers for electricity (which in practice is largely manifested at the moment on the Bulgarian market), which include all elements of the bill, namely a mix of free market energy, network costs, supplements (price "liabilities to society") and taxes.

The last three elements do not depend on the retailer. They are regulated and the trader acts as an intermediary, which settles the payments between the customer and the respective counterparties, but has no influence on their prices, according to the explanations of the Institute of Energy Management (IEM).

Price schemes, arranged by two criteria (conditions and prices) - from static low-risk to dynamic and high-risk:

- a) *Static pricing*



This is a flat (static) tariff with a fixed unit price per kWh for a certain period of time, regardless of changes in the market price.

This type of pricing is *suitable for consumers who have a constant load* (that is, their consumption does not allow management) *and who do not want to expose their business to price fluctuations*. In this case, the supplier assumes the full risk of market uncertainty. The flat rate may include a power (BGN / kW) component applied to power agreed between the two parties.

Tariffs according to consumption time (static): the price per kWh depends on the consumption time. This type of pricing is well known in our country - day, night, peak tariff, measured by widespread electricity meters with two and three scales. Tariffs can also be set seasonally, for working or non-working day, etc. This type of tariffs does not change dynamically / hourly depending on the stock exchange prices, but are statically determined for the respective time periods. The wholesaler is exposed to the risk of market fluctuations.

b) Dynamic pricing

By its nature, dynamic pricing allows fluctuations in electricity prices on the wholesale market to pass through the supplier and be borne in whole or in part by the end user. Customers need to assess the level of risk associated with price volatility when choosing highly dynamic prices.

There are different approaches to dynamic pricing, such as:

- **real-time pricing**, when the actual consumption for a given hour is invoiced at the respective hourly stock exchange price;
- **critical peak pricing**, in which the retailer can invoice the energy consumed by the customer at higher than agreed prices for a limited interval of hours per day, when there is a real shortage of production / supply in the electricity system. *This approach gives economic signals to reduce consumption in times of shortage and thus supports security of supply;*
- **dynamic short-term pricing** only for certain time intervals and in the event of predefined fluctuations in stock prices.

The whole range of approaches to dynamic pricing is impossible to describe. And for now it is not necessary - dynamic pricing requires investments in sophisticated (smart) meters, which are currently not widely available to non-domestic low-voltage consumers.

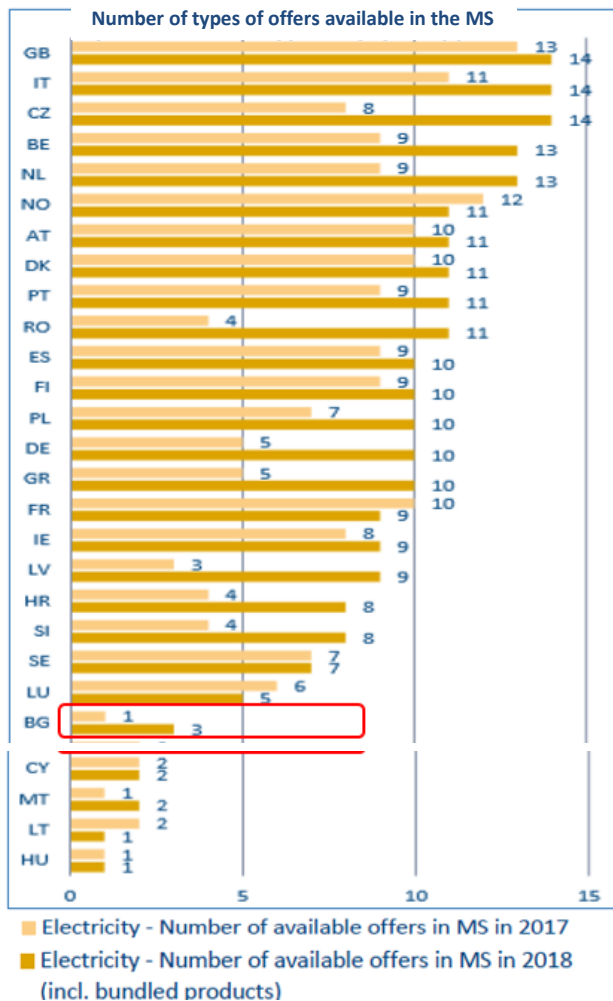
Articles 2 and 11 of the revised Electrical Directive (2019/944) include the main definitions and responsibilities related to the right to conclude a contract with a dynamic price. The dynamic price contract is defined as a contract for the supply of electricity between a supplier and an end customer, which reflects price fluctuations in spot markets, including day-ahead and intraday markets, at intervals that are most -slightly equal to the frequency of settlement of market imbalances. End customers who have a smart meter installed may want to enter into a dynamic electricity price contract with at least one supplier, as well as with all suppliers with more than 200,000 end customers.

Price offers, offering on the retail markets in the European countries and the place of Bulgaria

In general, the ability of retailers to offer a significant number of trade opportunities, combined with the ability of consumers to compare offers and make informed decisions, is a sign of a healthy competitive market and innovation (which is not yet a leading feature for national start-ups liberalized market):

- Online electricity offers.
- Various pricing options and guarantees of origin;
- "package products" - marketing packages that include combined products and services within one or more sectors;

The CEER Retail Markets Monitoring Report, published at the end of 2019, provides information on the types of offers that exist as a practice in different European countries.



How many and what offers are offered and will be offered in view of the transition of non-domestic low voltage consumers to the free market *will become clear after the EWRC has established a platform* for comparing electricity supply offers under the latest amendments to the Energy Act, in force from 26 June 2020. End customers with expected annual consumption below 100,000 kWh will have free access to this platform with information on offers, including those with a dynamic price of electricity. For their part, electricity traders will be obliged to provide the EWRC with monthly updated information about their offers for this segment of end customers and at the same time will have to inform consumers about the platform in the invoices issued by them and in the annexes to them.

B. Electricity price forecast

The relationship wholesale prices - retail energy prices

Electricity suppliers / retailers form their own portfolio of energy provided by the free market at wholesale prices. Traders' portfolios usually consist of **futures contracts** for energy supply and quantities of electricity purchased from the exchange – „**day-ahead market**“ and „**intraday market**“. The goal of each of them is to balance the quantitative and price risks through a combination of long-term and short-term products and to offer attractive competitive offers to a respective target customer group.

Stock market prices, especially day-ahead market segments, are volatile and **respond immediately** to short-term trends and random events. Practice shows that most of the energy is provided through **bilateral contracts**, in which energy suppliers enter into transactions for longer periods of time in order to hedge the risk of unpredictability of the markets "day ahead".

From **the quantitative and price characteristics** of the portfolio of retailers depends what will be their price offers to potential customers. For the end customers / consumers it is the offers of the traders that are of direct interest. The wholesale market remains largely unknown and uninteresting to them.



However, insofar as retail prices are a function of wholesale prices, knowledge of their specifics and projections can help end users in choosing the best offer and will prevent them from unsuccessfully choosing attractive but unrealistic offers.

Factors that put downward energy prices are common to any market, namely **reduced demand and / or increased supply**. In the case of Bulgaria and the region, this is usually the situation in the **second / third quarter of the year** - increased production of hydropower at high water, combined with reduced energy demand due to higher temperatures. Most sunny days during the transition seasons lead to an increased supply of energy from solar power, which is also a prerequisite for lower prices.

Conversely, **the first and fourth quarters** are usually characterized by significantly higher prices due to increased energy demand for heating, especially in colder winters. In these months, changes in supply - for example, even with the planned shutdown of base capacity - leads to unexpectedly high price levels.

Economic activity is essential. Isolation due to the pandemic, respectively economic uncertainty and reduced consumption, have led to unusually low prices on the **Bulgarian Independent Energy Exchange (IBEX)** since March. There is a tendency to return to normal price levels before isolation.

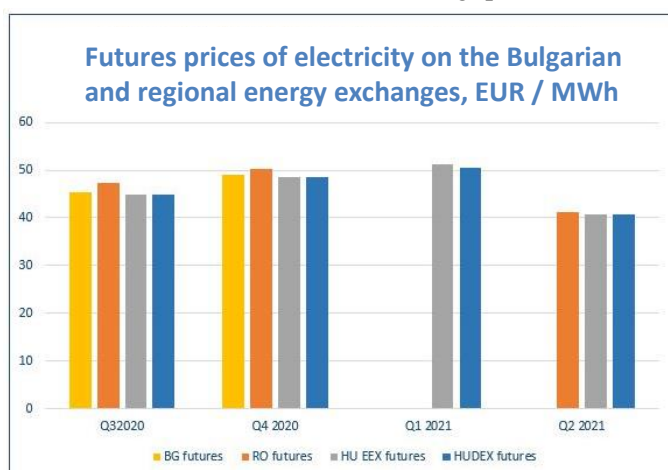


Source: <https://www.investor.bg/nachalo/0/a/emi-kakvi-ceni-na-elektroenergiata-moje-da-ochakvame-na-svobodniia-pazar-307700/>

Wholesale price forecast for the next 12 months

Prices in the electricity markets in Europe by the end of the year and in the first half of next year, in addition to the usual factors, will depend on the spread and deepening of the **COVID-19 pandemic**. Some of the forecast scenarios include a rapid **V-shaped recovery** in economic markets, which will affect the recovery of energy demand in Europe. Other scenarios envisage a slow economic recovery, correspondingly **lower electricity consumption** and slower price growth.

The forecasts for the movement of wholesale energy prices in Bulgaria, based on the prices of futures in the region, are for **increase in the next 12 months**. The EWRC price report published data on the average values of futures transactions for the following quarters:



The chart clearly shows the above-described pattern of wholesale price movements in the region - higher prices in the fourth and first quarters due to higher demand and lowest prices in the second quarter due to contracted demand and increased supply.

*On this basis, the EWRC has set a reference market price (wholesale price) for the annual period from July 1, 2020 to June 30, 2021 in the amount of **BGN 90 per megawatt hour**.*



Forecast for the price offers of the retailers

Consumers can expect offers for an annual price **over BGN 90 / MWh** with a surcharge in which the trader will calculate his costs and return, including a **risk premium**.

Factors influencing the offered prices for non-household consumers:

- Depending on the specific customer - if the consumption (product profile) is predictable;
- if there is a sustainable business;
- if he is a correct and regular payer of his bills, this will reduce the risk for the trader and, accordingly, the surcharge over the wholesale price.
- Negotiation period - When choosing shorter negotiation periods, for example three months, consumers should expect **higher price offers for the fourth quarter of 2020** and for **the first quarter of 2021** due to the expected movement of prices of wholesale to levels of **over BGN 100 / MWh** for this period, as well as due to the higher risks of energy shortage. However, for the second and third quarters, due to the falling wholesale prices, cheaper price offers can be expected **with over BGN 20 / MWh**.
- For active consumers - If the consumer has a **smart electricity meter**, this can reduce bills through active consumption management, for another type of price offer - based, for example, on the **actual hourly prices on the market "day ahead"** of the IBEX. This choice leads to a reorientation of the price risk from the trader to the customer, respectively to a reduction of the retailer's premium. In this situation, however, the customer assumes his responsibilities and the risks of volatile prices and changing electricity bills.

The regulated price of electricity paid by the non-domestic customer included *balancing costs* and *the price of liabilities to the public*, and *the costs of network services* were included *separately* in the invoice for the supplied electricity.

Upon concluding a contract for supply of electricity at freely negotiated prices, the parties shall conclude *a contract for combined services*, as the subject of this contract are:

- sale of electricity
- payment for all services used by the end customer, including network services and
- "responsibility for balancing".

Should be considered that in the case of supply of electricity at freely negotiated prices, *the price of liabilities to society is charged on the invoice separately* from the price of electricity.

Based on Decision № II-40 of 29.12.2017 of the Energy and Water Regulatory Commission (EWRC) on setting a marginal price for concluding transactions on the balancing energy market, *the average prices for base load* in the period September 2020 - February 2021 on the "Day ahead" market is as follows:



Arithmetic average prices from the market segment "day ahead" IBEX (six-month retrospective period 09.2020 - 02.2021)

September 2020		October 2020		November 2020		December 2020		January 2021		February 2021	
date	BGN / MWh	date	BGN / MWh	date	BGN / MWh	date	BGN / MWh	date	BGN / MWh	date	BGN / MWh
1.9.2020	113,25	1.10.2020	93,63	1.11.2020	38,62	1.12.2020	109,36	1.1.2021	78,58	1.2.2021	92,28
2.9.2020	102,79	2.10.2020	89,82	2.11.2020	106,87	2.12.2020	182,99	2.1.2021	93,01	2.2.2021	113,72
3.9.2020	98,21	3.10.2020	88,00	3.11.2020	83,25	3.12.2020	162,48	3.1.2021	76,66	3.2.2021	91,02
4.9.2020	84,93	4.10.2020	64,70	4.11.2020	84,90	4.12.2020	125,48	4.1.2021	96,76	4.2.2021	91,78
5.9.2020	56,87	5.10.2020	90,54	5.11.2020	79,90	5.12.2020	103,84	5.1.2021	99,86	5.2.2021	99,41
6.9.2020	68,51	6.10.2020	99,03	6.11.2020	80,62	6.12.2020	90,09	6.1.2021	93,52	6.2.2021	88,57
7.9.2020	100,32	7.10.2020	110,41	7.11.2020	74,25	7.12.2020	115,05	7.1.2021	105,41	7.2.2021	36,78
8.9.2020	84,46	8.10.2020	86,23	8.11.2020	74,61	8.12.2020	133,21	8.1.2021	124,28	8.2.2021	75,51
9.9.2020	90,87	9.10.2020	103,43	9.11.2020	87,82	9.12.2020	148,84	9.1.2021	79,18	9.2.2021	66,41
10.9.2020	99,02	10.10.2020	75,01	10.11.2020	90,38	10.12.2020	127,06	10.1.2021	98,74	10.2.2021	93,68
11.9.2020	100,02	11.10.2020	87,73	11.11.2020	111,11	11.12.2020	143,19	11.1.2021	97,52	11.2.2021	91,79
12.9.2020	74,95	12.10.2020	89,97	12.11.2020	102,97	12.12.2020	96,42	12.1.2021	111,33	12.2.2021	123,76
13.9.2020	57,17	13.10.2020	93,26	13.11.2020	100,92	13.12.2020	82,10	13.1.2021	111,52	13.2.2021	96,29
14.9.2020	95,61	14.10.2020	86,50	14.11.2020	76,83	14.12.2020	89,98	14.1.2021	130,99	14.2.2021	93,87
15.9.2020	105,66	15.10.2020	91,35	15.11.2020	77,46	15.12.2020	116,02	15.1.2021	141,66	15.2.2021	98,38
16.9.2020	113,97	16.10.2020	92,58	16.11.2020	112,72	16.12.2020	158,19	16.1.2021	110,32	16.2.2021	120,17
17.9.2020	104,33	17.10.2020	80,87	17.11.2020	100,58	17.12.2020	155,11	17.1.2021	92,56	17.2.2021	114,22
18.9.2020	91,82	18.10.2020	61,66	18.11.2020	90,33	18.12.2020	139,89	18.1.2021	133,92	18.2.2021	106,30
19.9.2020	68,69	19.10.2020	90,57	19.11.2020	99,21	19.12.2020	113,38	19.1.2021	134,26	19.2.2021	109,93
20.9.2020	70,04	20.10.2020	86,67	20.11.2020	97,11	20.12.2020	95,49	20.1.2021	128,20	20.2.2021	79,43
21.9.2020	97,41	21.10.2020	94,39	21.11.2020	75,45	21.12.2020	148,23	21.1.2021	102,23	21.2.2021	66,79
22.9.2020	109,69	22.10.2020	92,35	22.11.2020	71,07	22.12.2020	146,94	22.1.2021	107,39	22.2.2021	98,30
23.9.2020	104,44	23.10.2020	100,73	23.11.2020	108,88	23.12.2020	113,49	23.1.2021	97,78	23.2.2021	95,67
24.9.2020	93,65	24.10.2020	77,75	24.11.2020	97,51	24.12.2020	71,28	24.1.2021	73,89	24.2.2021	86,74
25.9.2020	85,40	25.10.2020	54,16	25.11.2020	106,91	25.12.2020	63,19	25.1.2021	95,48	25.2.2021	91,19
26.9.2020	74,30	26.10.2020	74,43	26.11.2020	127,39	26.12.2020	70,64	26.1.2021	115,85	26.2.2021	94,65
27.9.2020	62,29	27.10.2020	84,29	27.11.2020	118,66	27.12.2020	62,63	27.1.2021	115,41	27.2.2021	81,35
28.9.2020	95,74	28.10.2020	72,91	28.11.2020	112,81	28.12.2020	51,45	28.1.2021	107,40	28.2.2021	64,34
29.9.2020	107,74	29.10.2020	83,94	29.11.2020	98,84	29.12.2020	81,55	29.1.2021	98,76		
30.9.2020	101,88	30.10.2020	66,89	30.11.2020	108,74	30.12.2020	83,15	30.1.2021	91,07		
		31.10.2020	56,27			31.12.2020	58,99	31.1.2021	84,17		

Source: <http://www.ibex.bg/bg/downloads/средни-цени-ден-напред/>



Volatility of the “day-ahead market” segment for the period 2018-2020, by months on a daily basis:

Prices and Volumes													
Arithmetic mean price													
		January			February			March			April		
Date	measure	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
1	BGN/MWh	35.55	84.72	61.90	60.56	92.18	75.13	87.06	88.20	34.59	37.67	120.79	59.19
2	BGN/MWh	67.62	152.02	89.49	75.40	54.89	50.02	54.27	82.56	70.03	44.99	93.89	67.15
3	BGN/MWh	68.74	189.13	116.70	70.00	58.72	84.64	58.64	65.64	69.44	64.16	103.13	72.55
4	BGN/MWh	82.11	109.45	93.93	53.01	88.15	86.80	51.05	71.64	85.57	59.79	104.48	38.44
5	BGN/MWh	74.83	143.91	91.53	86.21	69.33	75.32	56.54	91.74	89.54	57.63	68.63	8.05
6	BGN/MWh	71.67	107.35	79.54	79.28	82.09	85.73	86.63	98.90	70.12	50.99	81.66	22.22
7	BGN/MWh	65.38	153.57	95.70	68.53	70.99	98.36	48.44	64.88	51.43	37.37	66.60	47.48
8	BGN/MWh	68.08	206.63	114.48	71.47	89.29	69.96	55.88	84.53	46.59	29.16	119.37	52.78
9	BGN/MWh	66.39	145.21	145.56	66.90	81.51	121.77	73.87	58.35	89.31	49.10	119.26	60.20
10	BGN/MWh	76.62	180.67	117.10	56.85	61.74	74.30	46.89	42.90	51.25	75.95	107.74	43.21
11	BGN/MWh	82.19	142.21	101.99	24.68	64.61	84.55	33.89	67.11	70.08	51.10	117.28	44.61
12	BGN/MWh	86.53	135.34	105.41	72.93	84.58	95.78	48.98	59.56	74.69	60.41	106.74	46.65
13	BGN/MWh	50.64	115.20	106.68	82.30	89.98	87.40	56.34	65.28	68.46	60.96	74.66	24.05
14	BGN/MWh	56.74	141.18	133.21	72.78	87.35	77.85	61.38	71.29	62.40	50.67	56.08	36.89
15	BGN/MWh	82.87	121.69	134.74	65.38	72.38	75.28	45.28	61.68	26.24	44.95	59.80	44.51
16	BGN/MWh	97.10	132.18	109.16	64.08	81.46	72.85	50.65	54.52	65.03	48.54	94.10	47.51
17	BGN/MWh	74.31	209.44	118.60	80.82	69.53	96.53	25.61	55.10	56.20	67.97	90.91	51.53
18	BGN/MWh	76.41	145.53	105.77	68.01	86.15	88.81	13.30	61.67	54.49	58.50	92.14	45.23
19	BGN/MWh	79.96	111.17	106.19	71.78	82.96	92.61	50.57	92.07	58.83	51.35	78.45	27.57
20	BGN/MWh	76.22	102.87	98.64	77.77	70.24	96.52	49.21	70.37	59.64	48.96	51.43	51.32
21	BGN/MWh	54.51	125.42	118.53	91.47	91.38	80.60	47.23	65.92	32.54	50.04	66.64	52.00
22	BGN/MWh	68.47	159.11	113.98	75.00	95.36	80.37	53.37	63.60	14.87	52.27	57.23	61.78
23	BGN/MWh	70.53	82.63	106.12	115.41	46.49	53.84	59.29	54.07	37.72	53.76	110.92	62.65
24	BGN/MWh	81.83	139.85	111.25	55.39	58.26	68.42	54.76	47.75	40.25	77.28	86.44	66.09
25	BGN/MWh	87.88	147.44	108.71	49.09	92.25	73.81	46.89	59.63	51.02	85.46	81.80	46.63
26	BGN/MWh	93.34	100.20	94.97	76.90	87.56	70.78	78.01	87.75	45.01	72.59	61.36	42.79
27	BGN/MWh	68.62	86.13	151.96	104.71	85.26	73.86	75.06	72.80	52.24	72.87	49.83	75.30
28	BGN/MWh	57.79	81.98	96.52	61.57	70.22	82.59	66.50	78.88	61.81	64.75	18.46	56.00
29	BGN/MWh	82.73	113.50	106.58			75.78	48.44	77.09	24.08	44.73	43.70	51.86
30	BGN/MWh	71.09	117.32	100.19				49.43	59.83	47.26	72.21	58.66	48.48
31	BGN/MWh	83.63	102.42	95.83				36.09	51.83	53.42			
Arithmetic mean price for the month		72.92	131.79	107.45	71.37	77.32	81.04	53.86	68.62	55.30	54.72	78.78	46.93



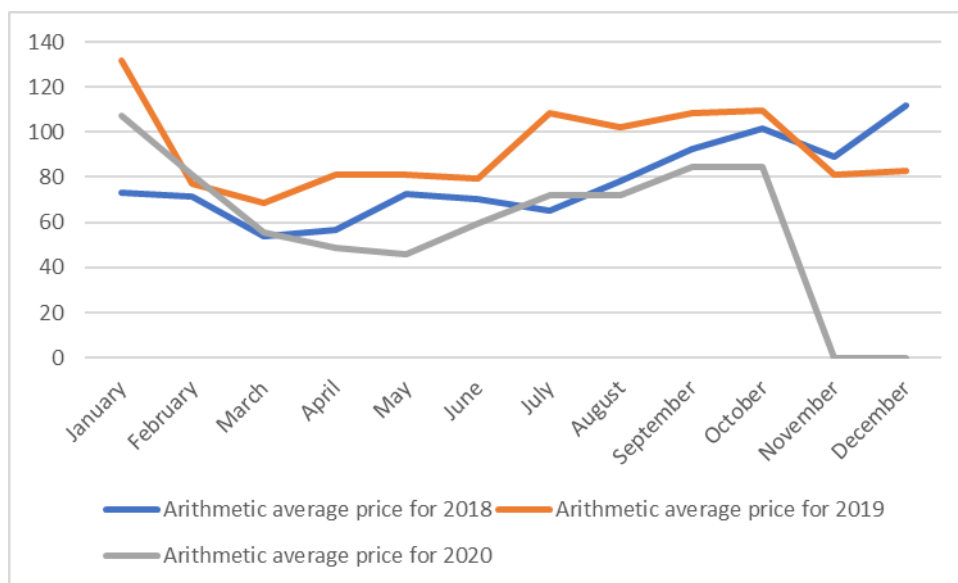
Prices and Volumes																
Arithmetic mean price																
		May				June				July				August		
Date	measure	2018	2019	2020		2018	2019	2020		2018	2019	2020		2018	2019	2020
1	BGN/MWh	13.53	44.91	44.80		66.70	67.03	45.09		43.37	104.35	78.93		61.10	108.67	82.70
2	BGN/MWh	69.84	80.03	55.70		64.20	50.42	74.22		66.52	106.68	84.89		71.46	134.12	62.60
3	BGN/MWh	68.62	79.67	28.11		51.82	73.80	62.91		79.87	193.46	86.72		61.07	83.39	82.07
4	BGN/MWh	71.13	71.97	69.09		72.71	78.64	43.77		65.53	131.83	61.14		65.39	73.71	81.63
5	BGN/MWh	56.57	46.96	53.97		62.44	70.06	49.49		69.97	115.57	32.29		68.44	101.40	72.09
6	BGN/MWh	39.72	62.06	52.85		67.46	86.91	30.62		66.65	96.83	58.39		81.51	109.96	63.61
7	BGN/MWh	50.85	78.98	48.57		61.47	92.76	38.63		64.39	65.45	76.90		75.93	102.53	69.03
8	BGN/MWh	65.71	163.32	63.48		78.14	64.79	66.15		47.02	105.05	74.19		76.95	100.85	52.45
9	BGN/MWh	69.20	132.23	43.40		64.49	57.96	74.25		54.22	117.23	78.11		71.90	124.84	48.63
10	BGN/MWh	66.23	102.12	57.20		69.95	57.70	73.70		55.39	109.67	75.90		68.39	100.49	78.79
11	BGN/MWh	66.10	74.74	33.51		73.92	74.30	61.30		56.32	90.38	61.20		67.47	74.88	81.31
12	BGN/MWh	69.31	52.14	37.76		81.26	85.52	58.10		64.16	102.29	50.01		62.23	100.50	76.95
13	BGN/MWh	48.71	81.64	59.27		78.95	86.04	67.81		66.79	112.12	60.08		76.79	111.56	76.42
14	BGN/MWh	65.64	86.23	46.43		77.96	64.28	41.27		59.53	81.57	79.41		80.31	116.44	79.21
15	BGN/MWh	73.42	70.53	60.15		69.80	68.31	65.86		45.95	108.25	85.39		75.08	66.48	54.33
16	BGN/MWh	89.83	92.08	41.06		85.23	58.97	71.52		81.35	104.50	87.15		76.72	93.20	53.09
17	BGN/MWh	83.23	81.23	21.75		65.82	86.41	69.85		77.62	101.72	80.41		91.78	76.74	76.06
18	BGN/MWh	86.46	61.79	64.68		114.56	98.39	63.78		73.55	109.81	57.65		78.28	76.61	85.45
19	BGN/MWh	86.53	69.41	64.81		59.87	100.02	65.16		78.59	113.05	71.19		73.00	92.65	80.97
20	BGN/MWh	57.98	107.97	69.71		66.46	95.54	43.11		70.69	79.13	70.05		106.59	110.18	71.89
21	BGN/MWh	83.81	98.90	50.05		83.50	103.56	45.10		56.43	84.93	71.37		75.25	107.68	63.11
22	BGN/MWh	111.30	79.51	46.18		82.23	60.76	66.05		67.97	117.84	74.06		98.31	97.32	56.06
23	BGN/MWh	79.96	92.45	29.00		54.11	69.09	69.18		75.18	116.55	75.38		73.17	83.72	42.50
24	BGN/MWh	88.89	73.58	4.88		50.73	105.27	70.82		70.82	107.01	72.08		78.22	97.12	85.49
25	BGN/MWh	84.63	64.71	24.20		78.80	84.03	62.60		71.49	120.65	64.26		65.95	80.45	85.86
26	BGN/MWh	86.45	60.87	38.52		70.55	97.60	69.81		69.45	125.02	43.68		60.20	122.51	81.24
27	BGN/MWh	61.28	73.80	48.63		62.43	123.60	57.84		69.35	105.36	75.70		73.70	129.41	95.93
28	BGN/MWh	78.87	83.24	44.40		74.75	96.76	43.83		63.40	79.26	72.23		92.49	109.71	86.70
29	BGN/MWh	86.54	89.69	60.34		80.16	60.82	69.03		48.90	117.53	84.16		93.94	136.40	70.80
30	BGN/MWh	101.48	78.51	39.64		46.76	56.85	64.12		65.81	110.39	90.54		97.97	139.69	90.96
31	BGN/MWh	94.52	84.23	15.36						68.01	120.15	92.34		123.62	95.48	99.63
Arithmetic mean price for the month		72.79	81.27	45.73		70.57	79.21	59.50		64.98	108.18	71.80		78.17	101.89	73.79

Prices and Volumes																
Arithmetic mean price																
		September				October				November				December		
Date	measure	2018	2019	2020		2018	2019	2020		2018	2019	2020		2018	2019	2020
1	BGN/MWh	78.32	138.60	113.25		127.76	113.50	93.63		76.41	99.86			190.21	80.11	
2	BGN/MWh	76.08	115.99	102.79		75.62	121.37	89.82		72.06	60.27			113.44	97.21	
3	BGN/MWh	59.63	133.76	98.21		137.89	98.71	88.00		55.75	39.54			207.14	183.16	
4	BGN/MWh	74.58	101.76	84.93		147.31	119.22	64.70		62.76	58.14			171.06	102.54	
5	BGN/MWh	78.23	117.89	56.87		97.52	99.09	90.54		88.85	82.43			103.03	117.29	
6	BGN/MWh	57.89	104.72	68.51		68.12	102.42	99.03		85.01	84.75			142.38	102.00	
7	BGN/MWh	74.03	92.18	100.32		81.97	128.41	110.41		92.98	85.20			130.42	107.15	
8	BGN/MWh	52.65	74.95	84.46		92.43	116.58	86.23		81.42	91.68			79.62	80.55	
9	BGN/MWh	59.46	120.49	90.87		101.66	110.30	103.43		79.84	79.94			77.68	108.56	
10	BGN/MWh	119.81	112.94	99.02		95.34	128.25	75.01		65.87	57.30			146.53	106.79	
11	BGN/MWh	76.96	108.30	100.02		101.36	124.49	87.73		58.83	90.42			90.53	103.58	
12	BGN/MWh	68.69	102.93	74.95		78.25	96.63	89.97		80.34	88.51			146.52	102.95	
13	BGN/MWh	79.31	86.78	57.17		87.09	74.18	93.26		88.51	94.65			126.59	109.77	



14	BGN/MWh	73.28	110.22	95.61		62.27	136.64	86.50		96.21	95.35			147.53	77.50	
15	BGN/MWh	100.93	70.00	105.66		85.16	135.45	91.35		106.88	77.60			79.99	66.03	
16	BGN/MWh	71.28	111.60	113.97		131.88	120.05	92.58		83.11	76.26			75.30	91.13	
17	BGN/MWh	177.85	124.70	104.33		125.83	129.54	80.87		80.00	71.05			165.10	97.27	
18	BGN/MWh	114.30	114.79	91.82		160.49	117.40	61.66		71.24	92.37			112.22	94.05	
19	BGN/MWh	172.16	111.39	68.69		114.00	119.88	90.57		109.98	99.61			107.63	80.98	
20	BGN/MWh	80.49	103.82	70.04		94.68	76.75	86.67		146.16	106.64			132.07	70.75	
21	BGN/MWh	151.34	78.98	97.41		115.08	108.98	94.39		99.45	75.79			139.55	55.66	
22	BGN/MWh	69.74	75.51	109.69		164.68	111.04	92.35		112.34	85.69			98.12	39.34	
23	BGN/MWh	138.99	125.58	104.44		143.44	101.72	100.73		87.07	52.54			61.04	51.51	
24	BGN/MWh	55.39	130.21	93.65		83.49	116.53	77.75		87.64	71.85			55.77	51.56	
25	BGN/MWh	121.31	128.71	85.40		104.07	113.50	54.16		76.50	96.56			52.95	35.59	
26	BGN/MWh	101.75	123.30	74.30		88.48	83.92	74.43		112.84	88.62			86.07	57.02	
27	BGN/MWh	98.19	110.98	62.29		74.99	67.26	84.29		119.26	85.06			74.06	78.39	
28	BGN/MWh	124.58	114.18	95.74		59.91	126.57	72.91		105.36	87.73			92.92	72.86	
29	BGN/MWh	82.69	84.10	107.74		75.42	113.79	83.94		108.77	78.56			65.44	49.66	
30	BGN/MWh	82.86	117.08	101.88		83.72	99.66	66.89		81.98	79.66			97.29	48.70	
31	BGN/MWh					92.41	76.94	56.27						104.39	55.83	
Arithmetic mean price for the month		92.43	108.21	90.47		101.69	109.32	84.52		89.11	81.12	0.00		112.02	83.08	0.00

	January	February	March	April	May	June	July	August	September	October	November	December
Arithmetic average price for 2018	72,92	71,37	53,86	56,54	72,79	70,57	64,98	78,17	92,43	101,69	89,11	112,02
Arithmetic average price for 2019	131,79	77,32	68,62	81,41	81,27	79,21	108,18	101,89	108,21	109,32	81,12	83,08
Arithmetic average price for 2020	107,45	81,04	55,3	48,49	45,73	59,5	71,8	71,8	84,52	84,52	0	0



Source: <http://www.ibex.bg/bg/downloads/средни-цени-ден-напред/>



FREE MARKET - PRICE OF A TRADER WITH BALANCING FUNCTIONS - VALID FROM 01.10.2020, FOR NON-DOMESTIC CLIENTS

СВОБОТНОТ
ОТ 01.10

Free market electricity can be purchased from a licensed electricity trader.

A list of electricity traders can be found on the website of the Energy and Water Regulatory Commission (Registers / Licenses section), as well as on the website of the Electricity System Operator EAD, ESO EAD (Electricity Market / Liberalized Market section / Lists and registers).

By 31.12.2020, the Energy and Water Regulatory Commission will create a single platform, which is web-based and which will maintain up-to-date information on the offers of various traders for electricity supply to non-residential customers with annual electricity consumption below 100 000 kWh. These customers will have free access to the platform and will be able to compare different electricity supply offers.

List of licensed traders of electricity on the free market:

No	Name	Phone	Website	E-mail	Comments
1	ACTAEL EOOD	895449203	http://www.actael.bg	office@actael.bg	
2	ALPIC ENERGY BULGARIA EOOD	02/4008085	https://www.alpiq.com/	info.bgr@alpiq.com	
3	ARESENERGY EOOD	052/920920	https://www.aresenergy.bg/	office@aresgas.bg	
4	ARMACO ENERGY EAD	02/4485770	https://armaco-energy.bg/	office@armaco-energy.bg	An inquiry can be sent to the following link: https://armaco-energy.bg/bg/get-quote/
5	ASM Energy OOD	02/9463357	http://acmenergy.bg/en/home/	office@acmenergy.eu	
6	Balkan Logic OOD	884507101	https://balkanlogic.com/	sales@balkanlogic.com	An inquiry can be made at the following web address: https://balkanlogic.com/contacts/new?locale=bg
7	Grand Energy Distribution EOOD	02/8904260; 02/8904227; 0894460975	https://www.grandenergy.net/contact.html	openmarket@grandenergy.net	An inquiry for an offer can be made by sending the following address: https://grandenergy.net/%d1%81%d1%82%d0%b0%d0%bd%d0%b5%d1%82%d0%b5-%d0%ba%d0%bb%d0%b8%d0%b5%d0%bd%d1%82/%d0%b7%d0%b0%d0%bf%d0%b8%d1%82%d0%b2%d0%b0%d0%bd%d0%b5-%d0%b7%d0%b0-%d0%be%d1%84%d0%b5%d1%80%d1%82%d0%b0/
8	Green Energy Trade OOD	889788820	http://www.ge-trade.com/	http://www.ge-trade.com/	
9	EVN Bulgaria Elektrosnabdyavane EAD	70017777	https://www.evn.bg/Home/About-evn/EVNEC.aspx	info@evn.bg	
10	EVN Trading South East Europe EAD	70013636	https://www.evn-trading.com/	info@evn-trading.com	Link to direct request for an offer: https://www.evn-trading.com/Customers/StaneteClient/ZapitvaneZaOferta.aspx
11	EI Bonus EOOD	02/8157512	https://elbonusbg.com/	trading@elbonusbg.com	An inquiry for an offer can also be made through the home page of the site
12	LX Corporation AD	02/9551918	https://www.elex.bg/	office@elex.bg	
13	ELNOVA EAD	02/4414111; 0885575040	http://www.elnova.eu/	trading@elnova.eu	
14	MNRG LIMITED	894514333		office@mnrg.eu	Inquiries can be made by phone or e-mail.
15	Enekod AD	02/4390403	https://enekod.com/	office@enekod.com	



16	ENECODE GREEN EAD	02/439 04 03	https://enekod.com/	office@enekod.com ; green@enekod.com	
17	Energeo EOOD	02/9026580; 02/9026581; 0884277181	http://energeo.bg/	office@energeo.bg	Request for an offer can be made through the site, tab contacts
18	Energovia EOOD	887050854	http://www.energovia.net/	office@energovia.net	
19	Energoinvestment AD	885351000	https://www.energoinvestment.bg/	office@energoinvestment.bg	
20	Energo-Pro Energy Services EAD	* 6161	https://www.energo-pro-energyservices.bg/	service_freemarket@energo-pro.bg	They have their own platform for selling electricity www.KupiTok.bg or https://portal.eproes.bg/
21	ENERGY PRO SALES	70080061	https://energo-pro-sales.bg/bg/	service@energo-pro.bg	https://energo-pro-sales.bg/bg/za-klienta/klienti-na-svoboden-pazar/liberalizacija-na-elektroenergijinja-pazar-za-nebitovi-klienti-ot-01-10-2020-
22	Energy Invest Europe AD	02/8548044	https://energyinvest.bg/	office@energyinvest.bg	
23	Energy Market AD	02/9831418	https://energymarketad.com/	office@energymarketad.com	Special form for inquiries on the link: https://energymarketad.com/%d0%b8%d0%b7%d0%b9%d1%80%d0%b0%d1%82%d0%b8-%d0%b7%d0%b0%d0%bf%d0%b8%d1%82%d0%b2%d0%b0%d0%bd%d0%b5/
24	Energy Market Global OOD	02/9836154	http://www.avoelectrificirane.com	office@em-global.eu	
25	Energy MT EAD	02/4623880	http://www.emtbg.com/	office@emtbg.com	Request for an offer can be made through the site, tab contacts
26	Energy Operations OOD (KAAlex-Energy OOD)	02/96313 30; 0878/430909	http://energy-op.eu/	trade@energy-op.eu ; office@energy-op.eu ;	Inquiries can be made to e-mail addresses and by phone.
27	Energy Supply OOD	02/9848785; 087988895	http://www.energysupply-bg.com	office@energysupply-bg.com ; ageonov@energysupply-bg.com	
28	ESP Golden Sands OOD	052/357179	http://esp-zlatni.bg/	esp@goldensands-bg.com	Request for an offer can be made at the following web address: http://esp-zlatni.bg/?page_id=315
29	Zagora Energy OOD	042/985217; 08863200998	http://zagora-energy.com/	office@zagora-energy.com	Request for an offer can be made through the site, tab contacts
30	ZLATNA PANEGA CEMENT AD	02/8820101	https://www.titan.bg/%D0%BA%D0%BE%D0%BD%D1%82%D0%B0%D0%BA%D1%82%D0%B8.html	https://www.titan.bg/%D0%BA%D0%BE%D0%BD%D1%82%D0%B0%D0%BA%D1%82%D0%B8.html	
31	In Out Energy OOD	882 901 899	in-out-energy.com	office@in-out-energy.com	
32	ENERGY AND DEVELOPMENT COMPANY LTD	02/4246474	http://www.ker.bg/index.php/bg/	office@ker.bg	
33	Kumer OOD		http://www.kummerbg.com/	http://www.kummerbg.com/	
34	LONIKO EOOD	884651828		lonikobg@abv.bg ; energy_ak@abv.bg	
35	MET ENERGY TRADING EAD	02/8504039	https://bg.met.com/	metbginfo@met.com	
36	Most Energy AD	02/4169843; 0879838883;	http://www.mostenergy.eu/bg	sales@mostenergy.eu	
37	Power System OOD	0899920492; 02/4210501	http://www.toki.bg/	http://www.toki.bg/	An inquiry for an offer can be made at www.toki.bg
38	Proakt OOD	052/995384	http://proakt.bg/	office@proakt.bg	
39	Rhythm-4-TB OOD	70047444	https://ritam4tb.com/	contact@ritam-bg.com	An inquiry for an offer can also be made at https://ritam4tb.com/inquiry?client=business&m=frmCompanyLandingFirstBtn
40	SITE ENERGY EOOD	894599817		siteenergybg@gmail.com	
41	SI ENERGY GROUP EAD	02/9624441	www.cenergy.bg	cenergy@b-trust.org	http://www.cenergy.bg/index.php/contact
42	Synergon Energy EOOD	0700 800 80	https://synergonenergy.bg/	office@synergonenergy.bg	An inquiry for an offer can also be made through the site.



43	Smart Energy Trade EAD	02/868 51 23, 070020554	http://www.smartenergytrade.bg	officesf@smartenergybg.com	An inquiry can be made by phone or e-mail. To officesf@smartenergybg.com send only phone and name - we will contact you.
44	STOCK ENERGY EOOD	035065621; 0877729147	www.stockenergy.bg	office@stockenergy.bg	An inquiry can be made at the e-mail address and by phone
45	Terra Cap OOD	02/9831545; 0892232680	https://teracap.bg/	office@teracap.bg	
46	TM-Technology AD	82845877	https://tm-technology.bg/bg/%D0%BD%D0%B0%D1%87%D0%B0%D0%BB%D0%BE	office@tm-technology.bg	
47	Chez Electro Bulgaria AD	070010010 2 is selected from the voice menu and then 1	https://www.cez.bg/bg/svoboden-pazar.html	info@cezelectro.bg	https://www.cez.bg/bg/kontakti/karta-na-tsentravete-za-obsluzhvane-na-klienti/grad-i-adres-tsentravete-za-obsluzhvane-na-klienti.html
48	CEZ Trade Bulgaria EAD	02/8959123	https://www.cez-trade.bg/	office@cez-trade.bg	For offers for business clients they have a button "Get an offer" https://www.cez-trade.bg/bg/produkti/biznes
49	EUROPEAN TRADE OF ENERGY AD	0882482573; 0894571246	www.etebg.eu	office@etebg.eu	
50	TOKY POWER AD,	0700 13961; 02/9071620	www.toki.bg	sales@toki.bg	On the site www.toki.bg you can find information about the offered services and register. For inquiries and assistance write to sales@toki.bg or call the listed phones.

Currently in Bulgaria there are two types of retail electricity markets:

- (1) regulated market (for household and non-household customers who have not yet chosen a free market supplier, which market is more expensive and therefore less profitable) and
- (2) free (liberalized) market.

By 2025, the regulated market is planned to be phased out.

Differences regarding:	Regulated market	Free (liberalized) market
Supplier	Final supplier (determined according to the territory where the client's site is located and there is no possibility to choose another supplier at regulated prices)	Electricity trader (freely chosen by the customer from among all companies holding a license for electricity trading)
Clients	Non-domestic and household customers who are connected to the electricity distribution on low voltage network who have not chosen a supplier from the free market. <i>Note: All non-residential customers will have to lose the opportunity to supply themselves on a regulated market.</i>	All non-domestic and household customers, regardless of the level of voltage to which their sites are connected, which have chosen a supplier on the free market.
Contracts	Customers are supplied by the final supplier under general conditions approved by the Energy and Water Regulatory Commission.	The customer and the trader have the right to freely negotiate and enter into a contract for the sale of electricity or a contract for combined services.



Electricity prices	The prices of electricity, as well as the types of tariff zones in the day (peak, day, night), are approved by the Energy and Water Regulatory Commission, and the freedom of the customer is reduced to choosing the tariff to be applied to him.	The price of electricity and the types of tariffs are determined and offered to the customer by the trader on a competitive basis. The customer has the freedom to choose between different price offers and tariff plans offered by different merchants.
Price for obligations to society	<p>The price for liabilities to the society is approved by the EWRC and is the same for the clients on a regulated and free market.</p> <p>The price for liabilities to the society is included in the prices approved by the EWRC electricity of final suppliers.</p>	The price for liabilities to the company is additionally charged on the agreed with energy.
Network prices services	The prices of the network services (access to the electricity transmission network, transmission through the electricity transmission network, access to the electricity distribution network, transmission through the electricity distribution network) are approved by the EWRC and are the same for the customers on a regulated and free market.	
Network operator	Regardless of whether it is on a regulated or free market, the customer remains in a contractual relationship with the operator of the electricity distribution network to which its site is connected. The operator is responsible for the distribution (transportation) of electricity, for the quality and continuity of supply, for the maintenance and expansion of the electricity distribution network, for the measurement of consumption, etc.	

Most free market traders offer two types of contracts:

- Some have a fixed price of electricity for the contract period.
- The others have a variable (exchange) price, ie. the prices at which the non-household consumer will pay for the electricity every day correspond to the hourly prices reached on the established Market day ahead of the Bulgarian Independent Energy Exchange (IBEX).

This means that for each day for each hour a different price is paid, which corresponds to the achieved stock exchange price for the respective day and hour. Under this type of contract, traders also charge a surcharge for the service of purchasing electricity from the exchange and delivery to the end customer - namely the amount of the surcharge is agreed with the selected trader. Often this type of contract is called "Exchange +", as the plus is the surcharge for the supply of electricity from the exchange.


As the free market is a market at freely negotiated prices, it is possible to negotiate other price plans than those indicated. For example, the price of electricity at two tariffs - day and night and / or others.

Offer prices from licensed traders of electricity on the free market

An individual market study was performed for the specific evaluation development. At the time of evaluation, there is no publicly available information on electricity prices from traders to end customers. Each client is approached individually with individual conditions based on the client's personal consumption by examining his cargo profile, as well as taking into account the financial condition of the consumer. This is done because the trader assumes at his own expense the risk of pre-purchasing (providing) the necessary electricity before reselling it for the needs of the end customer. The electricity trader determines the individual risks of the consumer and makes an appropriate offer for conditions and prices for concluding a contract for the sale of electricity.




The price conditions of several licensed traders from the public EWR platform of the EWRC were studied and for the purposes of the evaluation were presented as follows:

**SMART ENERGY TRADE EAD**
FIX 1

0.1240 BGN / kWh / BGN 124.00 / MWh /	Choose an offer
---	---------------------------------

1. Term of the contract - 12 months. With a clause in the contract for automatic renewal
2. Balancing costs - included in the price
3. Term for payment - Up to 8 working days from the date of issuance of the invoice.
4. Manner of termination of the contract - after the expiration of the term for which it is signed, by submitting a 30-day notice.
5. Method of payment - by bank transfer and in the branch network of Bulgarian Posts EAD


For an individual offer please contact us at:
officesf@smartenergybg.com

**"ESP Golden Sands" Ltd.**
Stock price

0.0065 BGN / kWh / BGN 6.50 / MWh /	Choose an offer
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We offer you the hourly price of the Bulgarian Independent Energy Exchange with indexation of BGN 6.50.

1. All balancing costs and administrative fees shall be included in the price indicated.
2. Payment within 10 days of receiving the invoice by e-mail.
3. The issued invoice includes all network fees and other normatively determined for maximum convenience of the client when paying.
4. Possibility to pay in cash at the cash desks of EasyPay without additional fee.


**TOKY POWER AD**
Fixed

0.1190 BGN / kWh / BGN 119.00 / MWh /	Choose an offer
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We offer you a special offer developed for companies that want to avoid rising stock prices of electricity and are looking for stability in the price of electricity. With a subscription plan "Fixed" on Toki you get:

- Easy and fast inclusion in the free electricity market, without the risk of sharp price increases;
- Fixed price of BGN 0.119 / kWh for one year;

For more information and contact with Toki: Phones: 0700 13961, 02/9071620 e-mail: office@toki.bg
www.toki.bg

**TOKY POWER AD**
Green current

0.1240 BGN / kWh / BGN 124.00 / MWh /	Choose an offer
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Attractive offer for responsible consumers with a fixed price per kWh for green energy originating entirely from renewable energy capacities - solar, hydro and wind power plants. With the Toki Green Current subscription plan, you get:

- "Origin guarantee" for 100% of the consumed RES electricity for the period
- Easy and fast inclusion in the free electricity market, without the risk of sharp price increases

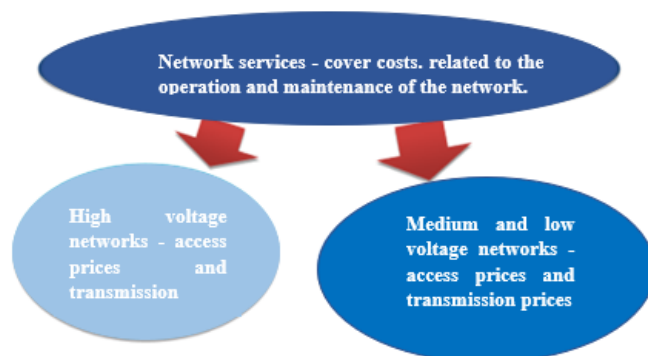
For more information and contact with Toki: Phones: 0700 13961, 02/9071620 e-mail: office@toki.bg
www.toki.bg





NETWORK FEES (FOR TRANSMISSION AND ACCESS) - BY REGULATORY MECHANISM

The costs for transmission and access are essentially obligatory and are normatively determined, they have been paid so far by the clients of the ERCs.



By Decision № II-29 of 01.07.2020, the Energy and Water Regulatory Commission approved the following prices for **CEZ RAZPREDELENIE BULGARIA AD**, as of 01.07.2020.

Prices	Prices without VAT
Price for access to the electricity distribution network for non-residential customers in BGN / kW / day	0,01989
Price for access to the electricity distribution network for household customers in BGN / kWh	0,00568
Price for transmission of electricity through a medium voltage distribution network BGN / kWh	0,0098
Price for transmission of electricity through a low voltage distribution network BGN / kWh	0,03355
<i>Notebook:</i>	
The price for access to the electricity distribution network in BGN / kW / day is paid by all non-domestic customers connected to medium and low voltage.	
The price for access to the electricity distribution network in BGN / kWh is paid by all household customers.	
The price for transmission through the medium voltage distribution network is paid by all customers connected to medium voltage.	
The price for transmission through the low voltage distribution network is paid by all customers connected to the low voltage.	

By Decision № II-29 of 01.07.2020, the Energy and Water Regulatory Commission approved the following prices for **CEZ RAZPREDELENIE BULGARIA AD**, as of 01.07.2020.

Prices	Prices without VAT
Price for access to the electricity distribution network for non-residential customers in BGN / kW / day	0,01989
Price for access to the electricity distribution network for household customers in BGN / kWh	0,00568
Price for transmission of electricity through a medium voltage distribution network BGN / kWh	0,01075
Price for transmission of electricity through a low voltage distribution network BGN / kWh	0,03355

By Decision № II-29 of 01.07.2020, the Energy and Water Regulatory Commission approved the following prices for **EVN BULGARIA ELEKROSNABDYAVANE EAD**, as of 01.07.2020.

Prices	Prices without VAT
Price for access to the electricity distribution network for non-residential customers in BGN / kW / day	0,01977
Price for access to the electricity distribution network for household customers in BGN / kWh	0,00529
Price for transmission of electricity through a medium voltage distribution network BGN / kWh	0,01075
Price for transmission of electricity through a low voltage distribution network BGN / kWh	0,03574



ADDITION "OBLIGATIONS TO THE SOCIETY" - REGULATORY MECHANISM

The "Liabilities to society" fee includes the costs of purchasing electricity from producers from renewable sources who sell at preferential prices, the costs of purchasing energy from high-efficiency cogeneration and the costs of long-term contracts. All end-users pay a "Liabilities to society" fee. It is normatively set in the Energy Act and its value is determined by the Energy and Water Regulatory Commission.

The price for liabilities to the society is calculated on the whole consumption of electricity in the country and according to art. 35a of the Energy Act shall be paid by all end customers, including the electricity transmission network operator and the electricity distribution network operators, such as:

- for the clients on the regulated market it is included in the price for active energy of the final suppliers,
- for free market customers as a supplement to the agreed price of electricity.

Approved price under RESOLUTION No. II-29 from 01.07.2020. of SEWRC for **liabilities to society**, the revenues from which are collected by the Electricity System Security Fund, **amounts to BGN 21.47 / MWh, excluding VAT**, including:

Forming a price for obligations to society				
		Consumption of domestic market, MWh	Compensation expenses, thousand BGN	The price component, BGN / MWh
1	AES Maritsa East 1 TPP	33 523 428	224 212	6,68
1.1.	Uncompensated costs for TPP "AES Maritza East 1"	33 523 428	400 724	11,95
1.1.1.	Power System Security Fund	33 523 428	-	-
1.1.2.	NEK EAD	33 523 428	400 724	11,95
1.2.	Revenues from the Electricity System Security Fund	33 523 428	-176 512	-5,27
2	ContourGlobal Maritsa East 3 TPP	33 523 428	168 377	5,02
2.1.	Uncompensated costs for TPP "AES Maritza East 1"	33 523 428	300 933	8,98
2.1.1.	Power System Security Fund	33 523 428	-	-
2.2.2.	NEK EAD	33 523 428	300 933	8,98
2.2.	Revenues from the Electricity System Security Fund	33 523 428	-132 556	-3,95
3	TPP "Maritsa East 2"	33 523 428	65 217	1,95
3.1.	Uncompensated expenses for TPP Maritza East 2 EAD in connection with Order № E-ПД-16-417 of 18.06.2019 of the Minister of Energy regarding an additional public service obligation imposed on TPP Maritza East 2 EAD, consisting in providing NEK EAD with additional quantities of electricity to meet the needs of the regulated market for the period from 01.07.2019 to 30.06.2020, amounting to 200 MW on average per year or in total for the regulatory period up to 1,750,000 MWh	33 523 428	65 217	1,95
3.1.1.	Power System Security Fund	33 523 428	0	-
3.1.2.	NEK EAD	33 523 428	65 217	1,95
3.2.	Revenues from the Electricity System Security Fund	33 523 428	0	0,00
4	Renewable energy sources (RES)	33 523 428	167 307	4,99
4.1.	Uncompensated costs for RES	33 523 428	737 670	22,00
4.1.1.	Power System Security Fund	33 523 428	654 383	19,52
4.1.2.	NEK EAD	33 523 428	83 286	2,48
4.2.	Revenues from the Electricity System Security Fund	33 523 428	-570 363	-17,01
5	Power plants with combined production of electricity and heat	33 523 428	31 042	0,93
5.1.	Uncompensated costs for combined heat and power plants production of electricity and heat	33 523 428	301 923	9,01



5.1.1.	Power System Security Fund	33 523 428	300 344	8,96
5.1.2.	NEK EAD	33 523 428	1 578	0,05
5.2.	Revenues from the Electricity System Security Fund	33 523 428	-270 880	-8,08
6	PRICE FOR OBLIGATIONS TO THE SOCIETY	33 523 428	656 156	19,57



EXCISE DUTY

According to the Law on Amendments to the Law on Excise Duties and Tax Warehouses (ZADS), the excise rate for electricity for business purposes is BGN 2.00 per MWh.

Section III. Energy products and electricity (Title supplemented, SG No. 105/2006, effective 01.01.2007)



Art. 13. (amend. SG 105/06, in force from 01.01.2007) (1) "Energy products" shall be the products, included in:

1. CN codes 1507 to 1518 if they are intended for use as heating fuel or motor fuel;
 2. CN codes 2701, 2702 and 2704 to 2715;
 3. CN codes 2901 and 2902;
 4. CN code 2905 11 00, which are not of synthetic origin, if intended for use as heating fuel or motor fuel;
 5. CN code 3403;
 6. CN code 3811;
 7. CN code 3817;
 8. CN code 3824 90 99, including biodiesel, if intended for use as heating fuel or motor fuel.
- (2) "Electricity" means a product falling within CN code 2716.
(3) (New, SG No. 18/2020, effective 28.02.2020) The products included in CN code 3814 shall also be considered energy products.

Art. 34a. (New, SG No. 105/2006, effective 01.01.2007) (1) (Amended, SG No. 109/2007, effective 01.01.2008, amended) - SG, issue 106 of 2008, in force from 01.01.2009, amended - SG, issue 95 of 2009, in force from 01.01.2010) **The excise rate on electricity with CN code 2716, except for the cases under para. 2, is BGN 2.00 per MgWh.**

(2) (Amended, SG No. 101/2013, effective 01.01.2014) The excise rate on electricity with CN code 2716 for consumers of electricity for household needs is BGN 0 per megawatt-hour.

The excise duty affects only non-domestic customers and was first introduced on 1 January 2007.



FINAL CONCLUSION

The results of the performed analyzes, based on the applied approaches and valuation methods, indicatively reflect the market value of the considered object in the valuation - electricity acquired through actual transaction relations between traders and allow to summarize the following conclusion for the market value of a transaction for the purchase of electricity, as well as the corresponding gross cost payable for the acquisition of the same electricity:

Result of valuation analyzes for market value of electricity transaction

Indication of market value / price of electricity transaction	From Analysis 1 to Analysis 4	
Parameters and elements of evaluation analysis	value	measure
Indication of market value from valuation analysis 1	12 735 314,92	BGN
Indication of market value from valuation analysis 2	13 270 412,18	BGN
Indication of market value from valuation analysis 3	13 270 412,18	BGN
Indication of market value from valuation analysis 4	11 263 873,88	BGN
Indication of average unit market value / price of electricity transaction for a three-year period of free market	121,50	BGN / MWh
Indication of market value / price of electricity transaction for a three-year period of free market:	13 002 863,55	Community Ver
	maximum value / price based on an average deviation of + 8.47%:	14 104 206,09 BGN
	minimum value / price based on an average deviation of - 8.47%:	11 770 155,94 BGN

Result of estimation analyzes for expected gross average electricity consumption

expected gross average cost of electricity for a three-year period (including market value of electricity and legal allowances)	24 936 244 лв.
maximum cost value based on average deviation of + 8.47%:	27 048 344 лв.
minimum cost value based on average deviation of - 8.47%:	22 756 817 лв.

Note: statutory allowances are set by the State, where the derived gross expected values may change.

The evaluation analyzes related to the evaluation of the considered object of evaluation are in accordance with the above specific conditions and working hypotheses of the applicable evaluation methodology and together with the presented results are presented in an expanded form in "Note 1" to this report.

Signatures and declarations of the evaluators participating in the evaluation:

In accordance with article 21 paragraph 1 of the ZNO, the undersigned independent evaluators in drawing a conclusion on this evaluation, declare that:

- I am not a person related to the assignor, owner or user of the object of assessment within the meaning of §1, item 3 of TSSPC;
- I and the persons related to me within the meaning of §1, item 3 of the TSSPC have no property or other interest related to the object of the evaluation in this report.;
- At the time of the evaluation I have no obligations to the owner or user of the object of evaluation or to the assignor of the evaluation.

Evaluator:



Evaluator:

