

Privatization Procedure for the Bulgarian Electricity Distribution Companies – Case Study

Angel Semerdjiev

Vice Chairman

Energy Regulators Regional Association

Bamako, Mali, July 26-27, 2004

- **Energy Strategy of the Republic of Bulgaria, July 2002.**
 - **September 2002: Consultancy Services Agreement signed with BNP Paribas**
 - **Privatization Strategy of EDC's, May 2003**
-

- **On 16 February 2004, 13 preliminary offers were submitted by the five certified applicants (ENEL – Italy, EON – Germany, EVN – Austria, CEZ – the Czech Republic and PPC – Greece).**
- **On July 9, the final, financially binding offers were submitted.**
- Successful bidder for Western Package: CEZ, the Czech Republic
- Successful bidder for Southeastern Package: EVN, Austria
- Successful bidder for Northeastern Package: EON, Germany

Targets of the EDC's privatization:

- **attracting investments in the companies**
 - **attracting a strategic investors**
 - **scale**
 - **financial stability and reputation**
 - **experience in operation in a liberalized market**
-

- **Sale Method**
 - **Rules for Participation**
 - **Selection of Investor: three stages**
 - **Grouping the Companies: three packages**
 - **Concurrent Sale of the Three Packages**
 - **Shareholder's Interest to be Privatized**
-

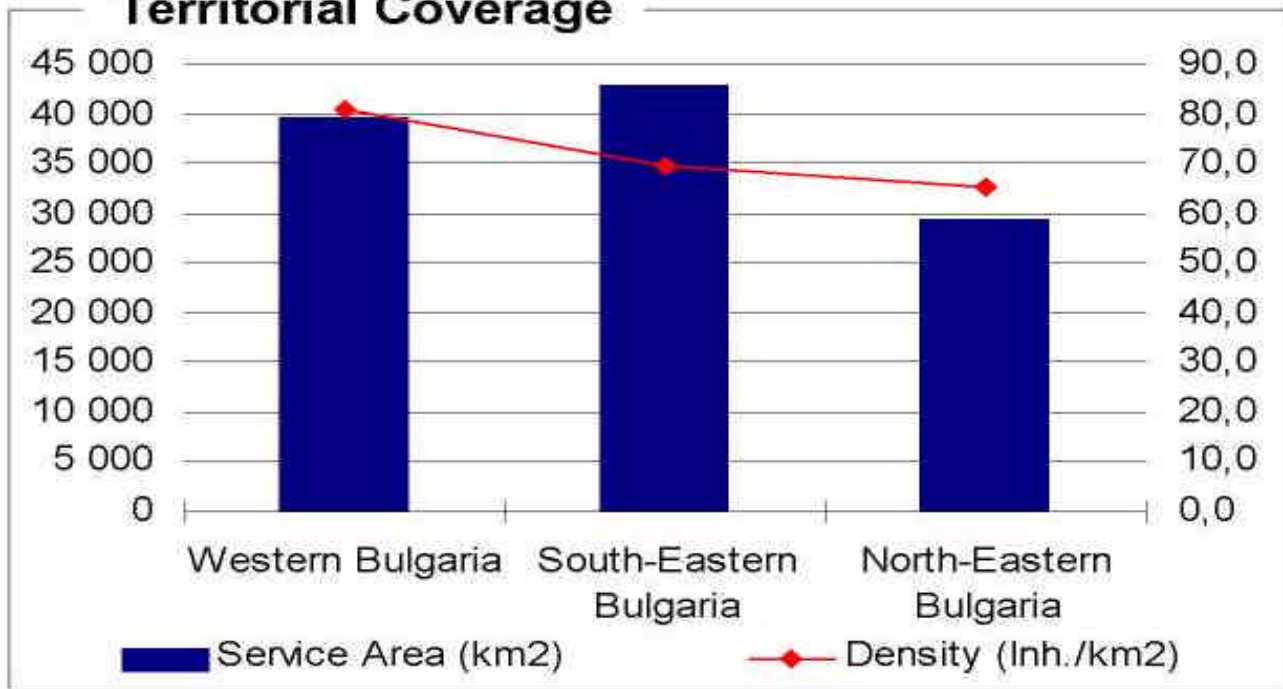
Packaging:

- Western Bulgaria: EDC Stolichno, EDC Sofia Oblast and EDC Pleven
- South-Eastern Bulgaria: EDC Plovdiv and EDC Stara Zagora
- North-Eastern Bulgaria: EDC Gorna Oryahovitza and EDC Varna





Territorial Coverage



- The results achieved place Bulgaria at the front line in Eastern Europe according to the index “price for a customer in privatization”
 - 230 EURO per customer
 - 200 EURO per customer in the Czech Republic
 - 100-150 EURO per customer for Romania
 - 80 EURO per customer in Ukraine.
-

The main reasons

- 1. Clear and contemporary regulatory framework established:**
 - new Energy Law adopted;
 - Ordinance on regulating the prices of electricity adopted;
 - Instructions on regulating the prices of electricity adopted by SERC.
 - 2. Active and comprehensive analysis of the companies conducted with the support of the state institutions and the transaction consultant BNP Paribas.**
 - 3. Bulgaria's credit rating (BBB-) given by Standard & Poors**
 - 4. Transparency and clearness of the overall privatization procedure and the rules for conducting it.**
-

Thank you for your attention!