

Bulgaria — Anger is mounting in Bulgaria as the government faces the prospect of losing millions in EU cash to help workers in its struggling coal sector find new jobs.

As part of the EU's Green Deal climate package, which aims to make the bloc carbon neutral by mid-century, Brussels earmarked €55 billion in "Just Transition" funds in 2021 to support workers in former [coal industries](#) to retrain and find new jobs.

But Bulgaria is the only EU country yet to submit a detailed plan on how the money would be spent — a prerequisite for accessing the cash. **Sofia has already lost out on €100 million by missing a previous target, and will lose another €800 million if it doesn't act in time for this year's deadline.**

That comes after Bulgarian lawmakers in January voted to scrap an early coal phaseout agreed with the European Commission, putting billions more in EU cash tied to its post-pandemic recovery plan in jeopardy.

"Losing the money is the biggest risk now ... and losing employment is the worst-case scenario," said **Radoslav Ribarski**, an MP on Bulgaria's parliamentary energy committee who represents the country's coal heartland of Stara Zagora, adding that he "really [doubts]" the government "will succeed in such a short time."

Miners, NGOs and locals blame the country's governments — which have been embroiled in intense political turmoil over the past two years — for the persistent delays. Politicians are widely accused of putting off painful decisions rather than biting the bullet and drawing up plans for a transition away from coal.

"Nothing was done," said **Zhivko Todorov**, a mayor in the Stara Zagora region that's home to 11,000 coal workers and the Maritsa Iztok complex where three coal-fired plants spew over 40 million tons of CO₂ equivalent into the air each year. "Nobody wants to carry the negative political consequences — they want to leave it for the next government and procrastinate."

While the final deadline to submit the plan is the end of this year, Bulgarian lawmakers were told the Commission typically needs six months to review the document, according to Ribarski, creating a fast-shrinking time window.

There are signs Sofia may finally be turning a corner after a new government came to power earlier this month.

"We have an idea how to approach this process," Bulgarian Prime Minister Nikolay Denkov told POLITICO, arguing he would present fresh ideas to the EU in "the next couple of weeks" and signalled he received an extension "until late September" after a meeting with Commission President Ursula von der Leyen on Wednesday.

"The key point is that the closure of the coal power stations first should follow economic

reasoning and also technological requirements," he said. "At the same time we have to take care about the people who are there."

"It's not easy, it's sensitive — but it is feasible."

'Political storm'

While Poland often faces the harshest criticism over its heavy dependence on coal, Bulgaria is the EU's most carbon-intensive economy and still relies on the black fuel to produce around a third of its electricity.

Up to half the country's CO₂ emissions still come from coal production, according to Martin Vladimirov, energy and climate lead at the Center for the Study of Democracy, a Sofia-based think tank.

That makes its transition away from coal an urgent issue, particularly in light of EU climate targets.

But locals and coal workers doubt that commitment, saying successive governments failed to communicate clearly about their plans or follow through with concrete measures.

"To a huge extent there is no acceptance of the Just Transition idea and the coal phaseout because here in the region there is no [effort] to bring the information in a transparent manner," said Romyana Grozeva, who leads the regional development agency (SZREDA) in Stara Zagora that brings together local stakeholders to plan the transition process.

Grozeva said she's not heard from the government since 2021, when Sofia first started looking into drafting its plan for the transition away from coal.

"None of the mayors, none of the city councils, none of the businesses — none of us were involved for the past two years," she said, adding that without EU funds, the region's just transition will be "impossible."

Locals are increasingly anxious about the impact. Krasimir Ivanov, 30, a manufacturing engineer living in the capital of the Stara Zagora region, worries "a lot of people will maybe leave" if the plants shut down.

The issue is a massive headache for the government, given some 43,000 people are directly and indirectly employed by the coal industry, CSD's Vladimirov said.

"No matter what the government does it's going to lose," he said, with parties fearing that committing to a coal phaseout would lead to "a political storm." But failing to set an end date will mean "power plants and mines that will go into bankruptcy in the next couple of years and lose billions of euros in EU funds."

Corporates and oligarchs

The government's challenge is complicated by the existence of vocal coal unions that are pushing hard to keep the plants open — and strong corporate interests.

"It's also the oligarchic networks around the coal power plants that benefit from the status quo and pressure the institutions not to act," according to Vladimirov. Many companies involved in plant maintenance, transport and catering have "close ties with political parties," he said.

Bulgarian magnate Hristo Kovachki, who presides over six coal-fired power plants in the country, poses a particular challenge, Vladimirov added.

Last year, the European Court of Justice ruled that one of his affiliated plants, Brikel, breached EU air pollution rules — while the Bulgarian government said it found "mind-boggling violations" at the site.

In February, the European Public Prosecutor opened a probe into several of the plants tied to Kovachki, with investigations alleging these had been falsifying data on emissions to save €74 million in EU carbon allowances between 2017 and 2021.

But "no government is able to take his license away ... even though he's breaking environmental law," Vladimirov said.

Kovachki told POLITICO his "main priority ... is to ensure a smooth energy transition, but gradually," adding that his affiliated plants "are confidently on the path of complete energy transformation."

The businessman argued reports of Brikel's air pollution breaches were a "lie" and declined to comment on the allegations of emissions accounting fraud.

Looming 'catastrophe'

With or without EU funds, analysts argue Bulgaria faces just three years before much of its coal sector is at risk.

Two of the country's coal power plants, owned by U.S. firms AES and Contour Global, benefit from long-term fixed-price contracts, and effectively receive government subsidies when electricity prices are lower than the plants' production costs.

But when those contracts close by 2026, that same government support won't be possible.

The managing director of AES Bulgaria, **Ivan Tzankov**, told POLITICO that because his power plant provides "critical system services" to help balance Bulgaria's grid, the firm is starting "to explore various other alternatives ... in addition to coal we can burn in order to continue fulfilling these important obligations to the system" beyond 2026, including biomass.

State-owned Maritsa Iztok-2, the biggest coal plant in Balkans, also receives government support but it's "not competitive on the market," Bulgaria's Energy Regulator Ivan Ivanov told POLITICO, adding that earlier this month it was selling at a loss just from paying emissions credits, even before counting price of coal and worker salaries.

“This cannot go on for long – it’s unsustainable,” Ivanov said, arguing that direct subsidies to coal plants will also be illegal in 2025 under current EU rules.

“At the current [price of electricity], all are loss-making plants,” Vladimirov said. That means “without subsidies ... most of the workers will be gone” by 2026.

The question of what they do next is complicated by the fact that coal sector workers’ salaries can be 50 percent higher than the average for the region, said Alexander Zagorov, the head of Podkrepa Confederation of Labour union that represents 9,000 industry workers. That’s why “we are forced to protect what we have,” he said.

“We don’t know what’s going to happen,” said Zagorov, adding that “the most important thing we want is some kind of plan.”

Without one, it means “social catastrophe.”

Source: Politico