

An arbitration court in Geneva has ruled that Bulgaria's state-owned National Electricity Company has to pay €550mn to Russia's Atomstroyexport, a unit of Rosatom, for equipment already produced for the cancelled Belene nuclear power plant project, the Bulgarian energy ministry announced on June 16.

The ruling was a "significant blow to Bulgaria, with a cost of well over 1% of GDP eventually likely to fall on public finances," Timothy Ash of Nomura said in an analyst note. On the other hand, Ash pointed out that the Bulgarian budget is running a surplus of about 3% of GDP currently, and public sector debt is relatively low at about 29% of GDP.

In 2006, Atomstroyexport won a tender to complete the Belene project, located on the Danube River and planned to have two 1,000 MW reactors. However, the project was scrapped in March 2012 by the first government of the centre-right Citizens for European Development of Bulgaria. The party has been back in power since November 2014, this time as part of a coalition government.

The amount of €550mn was announced by Bulgarian Prime Minister Boyko Borissov, Dnevnik daily reported on June 16, while Rosatom has said the ruling is for €620mn.

Nonetheless, both figures are well below the €1.2bn sought by Atomstroyexport.

Energy Minister Temenuzhka Petkova said that the court has rejected all other claims of the Russian company concerning price escalation, damages and lost profits, expenses incurred beyond the contract's subject and demobilisation costs.

The minister said that the next step is a detailed analysis of the arbitration court ruling. A meeting with representatives of Atomstroyexport will be initiated in order to discuss the possibilities for an acceptable solution for both companies. One of these possibilities is selling back the produced equipment, which would lower the cost for NEK, Capital Daily commented.

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