

Encouraged by Bulgaria's energy sector reforms, the European Bank for Reconstruction and Development is financing infrastructure investments by CEZ Razpredelenie Bulgaria AD, a private listed utility that provides electricity distribution services to over two million customers in western and north-western Bulgaria.

CEZ Razpredelenie is majority-owned and controlled by the CEZ Group, an integrated electricity company headquartered in the Czech Republic with operations in central and south-eastern Europe and Turkey.

The Bank has arranged a €116 million financing package, mobilising funds from commercial banks under its A/B loan structure. The EBRD will provide 60 per cent of the financing on its own account and the rest will be syndicated to BNP Paribas and Société Générale.

The funds will help CEZ Razpredelenie carry out critical infrastructure investments in the electricity distribution grid, increasing the stability of supply and reducing losses in the grid, according to EBRD.

Nandita Parshad, EBRD Director for Power and Energy, said: "This transaction marks the EBRD's re-engagement with private companies in the Bulgarian energy sector as the country has renewed its drive for reform. We see it as an excellent opportunity to support a regulated local utility, majority-owned and controlled by CEZ, an international strategic investor in Bulgaria and a long-standing partner of the Bank."

Karel Kral, Regional Manager of CEZ in Bulgaria, said: "We are happy to announce that the loan agreement with the EBRD was signed. This will support the investment programme of CEZ Razpredelenie Bulgaria, to enhance the quality and security of supply in line with the challenges of the energy market environment."

The EBRD's investment is expected to be complemented by a technical assistance project to help Bulgaria's Energy and Water Regulatory Commission strengthen capacity as it is moving to liberalise the market and improve the regulation of electricity networks.

Earlier this year, the Bank invested €80 million in a Eurobond issued by Bulgarian Energy Holding (BEH) as part of the government's comprehensive reform plan to restore the financial viability of the electricity sector and promote the liberalisation of the energy market.

In 2016 the EBRD has already invested €530 million in the Bulgarian economy. In the coming years, the Bank will aim to keep the level of investment at about €200 million annually in response to local demand.

To date, the EBRD - one of the largest institutional investors in Bulgaria - has invested over €3.4 billion in more than 230 projects in the country. Some 80 per cent of the Bank's investments in Bulgaria are in the private sector.



EBRD finances electricity distributor CEZ Bulgaria

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