

Bulgaria's flirt with Russia concerning energy might be signaling a shift in the overall relationship between the two countries.

Fresh from a visit to Moscow late last month, Bulgaria's Prime Minister Boyko Borissov and President Rumen Radev have reignited speculation that Sofia may be turning further away from its EU neighbours in a bid to strengthen ties with Russia - most notably, in sensitive sectors like energy.

Accompanied by Minister of Energy Temenuzhka Petkova and Vladimir Malinov, executive director of the state-owned firm Bulgargaz, the Bulgarian delegation discussed a major new gas pipeline deal as well as the resurrection of the beleaguered Belene nuclear power plant - what could be among the biggest such projects in Eastern Europe in decades - with their Russian counterparts.

At a time when Brussels and Washington have been pushing Sofia to phase out its energy dependence on Russia, the prospect of its closer ties with Moscow is causing rising concern. An east-west tug-of-war

Bulgaria and Russia share much common heritage, a factor that has made Sofia reluctant to abandon its longstanding relationship with Moscow, even after the country's accession to the EU. That said, the tone of the recent meetings - held to 'restore dialogue', according to Radev - not only contradict Bulgaria's previous position but also mark a departure from the cooler approach modelled by Bulgaria's Western allies, in the wake of Russia's interventions in Ukraine and Syria.

For Bulgaria, the sticking point is energy. Although the country became a member of the EU in 2007, it remains heavily dependent on Russia for power. It is a situation that Sofia has repeatedly claimed it would like to change, yet despite talk of tapping into Greek and Israeli gas pipelines, Bulgaria is still in thrall to Russian state-owned company Gazprom, which supplies nearly 100 per cent of its natural gas consumption.

For Moscow, it is part of a broader pattern of behaviour, as Russia pursues closer ties with former Soviet bloc countries, including Hungary, Slovakia, and EU hopefuls like Serbia, in a bid to guard its waning influence in the region.

#### Extending the Turkish Stream

Immediately after the visit, Borissov announced that Russia intends to extend the so-called 'Turkish Stream' natural gas pipeline to Bulgaria's Black sea port of Varna, creating a 'South' or 'Bulgarian' Stream that will be incorporated into the country's network.

With a total estimated cost of 6 billion euros, the project represents a significant investment, but it also offers the tempting prospect of energy security for Bulgaria - albeit on Russian terms. For his part, Radev has argued that the proposed pipeline is no different

from Germany's flagship 'Nord Stream 2' project and that both are compatible with EU legislation.

The project was mooted several years ago but was cancelled in 2014, under pressure from the European Commission and amid accusations of anti-competitive practices in breach of the Third Energy Package. The cancellation came as a blow to Bulgaria and its government has been trying to revive the scheme ever since, proposing trilateral meetings with the EC and Russia on plans for a new natural gas hub in Varna as recently as 2016.

Resurrecting a failed nuclear project

But gas is not the only energy prize; the parliament has also just approved government plans to rekindle Bulgaria's stalled nuclear project. Just six years after he took the decision to freeze the construction of an nuclear power plant in the Danube town of Belene, labelling it a 'totally corrupt deal and a failed project', Borissov has now made a complete turnaround in light of renewed interest from China's National Nuclear Corporation - as well as Russia's Rosatom.

Although Energy Minister Petkova has stated that the project would be completed without state guaranteed contracts, it is believed that not only would the completion of the plant cost a further 10.5 billion euros (in addition to the 1.5 billion euros already spent) but that it would generate losses for the first 30 years of operation and likely would not even be operationally viable by 2050.

In fact, taking into account the anticipated growth of renewables - driven by EU carbon-reduction policies - as well as the projected unit costs of generating electricity over the lifetime of the plant, it is likely that instead of acquiring an asset, Bulgaria could ultimately be saddled with a white elephant. Which is one reason why critics, including Vladislav Panev, chair of the Greens, have questioned whether the project will really be used to siphon money from the state.

More evidence of Russian meddling?

The fear, of course, is that Bulgaria's energy policy is being driven not by policy considerations but by the commercial interests of the Russian state. By pressing the pause button on the Belene and South Stream projects, Bulgaria had been able to limit the influence of Russia to some extent - although evidence suggests that through its role as the country's main energy supplier, Russia has still been able to manipulate Bulgaria's political elite. According to the Center for the Study of Democracy, Russian organisations have controlled circa 20 per cent of Bulgarian revenues over the last ten years. All of which has implications for the West, especially considering Bulgaria's status as a EU member state. Last month, for instance, the Bulgarian government announced its decision to cancel its

long-term power purchase deals with two major Western power companies - AES and ContourGlobal - both of which currently run thermal power plants in the country and produce around a fifth of the country's electrical output. Notably, both firms sell electricity to the state at lower rates than Belene, which would be priced at more than 80 euros/MWh - another reason why the government's energy strategy is under growing scrutiny.

Of course, though some might argue that there is nothing wrong with allowing Russian investors to dip into Bulgaria's energy sector, we should not neglect the wider context - as well as the implications of what could happen if Bulgaria falls more deeply under Russia's influence.

Most recently, for instance, in an interview with Nova TV on 4 June, Bulgarian Defence Minister Krassimir Karakachanov called for the country to harden its position towards the EU and instead warm up its relations with Russia.

An isolated incident, or a sign of what is to come?

Source: [neweasterneurope](#)