

Nine banks have confirmed interest in lending up to EUR 650 BGN to the state-owned Bulgarian Energy Holding (BEH) company, Energy Minister Temenuzhka Petkova has said. The energy group is seeking the money to enable its indebted subsidiary National Electricity Company (NEK) to repay debt owed to the local units of U.S.-based AES Corp. and ContourGlobal.

The two coal-fired power plants, AES Galabovo and ContourGlobal Maritsa East 3, owe BGN 325 M to lignite coal mines in Maritsa East basin. The plants' owners have agreed to cut the price at which they sell their electricity to NEK once they get repaid by the company. The Bulgarian authorities are currently preparing a timetable for negotiations with the interested lenders, Petkova said at an energy conference in Sofia on Monday.

Confidentiality agreements have been signed with the nine banks and negotiations with each of them over loan terms are about to begin. The lenders were not expected to seek Bulgarian government guarantees for the debt, Petkova added.

Bulgaria decided to launch direct talks with banks over lending to BEH after BEH's attempt to raise funds for repaying NEK's debt to the two coal-fired power plants through a bond issue failed last month.

Both candidates, who had submitted binding bids in BEH's tender for arranging a bond issue and extending bridge financing ahead of it, had sought government guarantees for the debt. Finance Minister Vladislav Goranov, however, had rejected the demand in view of NEK's persistent financial deficits.

Petkova said at the start of the energy conference on Monday that NEK has slashed by nearly a third its operating loss for the first nine months of 2015.

NEK posted operating loss of BGN 218 M for the January-September period, a decrease compared with BGN 324 M loss a year earlier, said Petkova.

source: energia.gr