Balkan and Black Sea Petroleum Association

15th of March 2020 – 15th of April 2020

BBSPA Monthly Bulletin

Summary

Oil and Gas Prices

Oil prices:

Spot Prices: Between 15th March and 15th April 2020 US WTI spot crude oil price decreased from $30/bbl to $20/bbl following a demand destruction occurring from shutting down economies because of coronavirus. The demand for light crude was hit more deeply because of lower demand for gasoline and jet fuel and the inability to be stored for long time. OPEC+ agreed to cut overall crude oil production by 9.7 million barrels per day for May and June, which combined with oil output cuts in US and other producing countries is believed to reduce production with 14MMbpd, which however is considered not enough to compensate for the expected demand decline of 20MMbpd. The market responded that the cuts could be effective if were made one month earlier.

Gas prices:

Henry Hub average spot gas price decreased from $1.94/mmBtu to $1.68/mmBtu ($80/1000 - $70/1000).

European power and gas prices have sunk to new lows as lockdowns due to coronavirus depressed energy demand combined with moving into spring mode, when usage drops. Signs of a recovery in Asian demand, where spot LNG prices have risen for three weeks, could offer some support.

In Europe, at *Central European Gas Hub*, the average day-ahead gas price for the period 15 March – 15 April was around €8.6/Mwh ($104/1000 cbm; ECB average exchange rate, 11.2 Mwh per 1000 cbm).

In *Bulgaria* the day-ahead gas price on the gas exchange (Balkan Gas Hub) for March was around €17.6/Mwh. Bulgargaz gas price for district heating and gas distribution companies, subject of approval by the regulator, for April is €12.9/Mwh.

In *Greece* the daily reference price of DESFA for March fluctuated around €8.3/Mwh.

DEPA had its Gazprom supply contract for the year revised so that 40% of supply is indexed to the Dutch gas trading platform TTF. The other 60% has remained oil-indexed. DEPA absorbed approximately 500 million cubic meters less than it had agreed last year. The shortage expected to cost about 100 million euros and It is feared DEPA's take-or-pay clause cost for 2020 will exceed the estimated for 2019.

DEPA received a 230 million-euro retroactive sum from Botas after Stockholm's International Court of Arbitration decision concerning its overcharged purchases of Azerbaijani gas delivered through Turkey since 2011. DEPA will use the money to compensate its customers but also to comply with the take-or-pay payments to Botas and Gazprom.

In *Hungary* the average day-ahead gas price at CEEGH gas exchange for March was around €9.5/Mwh.

In *Romania* the day-ahead gas price at BRM commodity exchange for March was 59 Lei/Mwh (€12.2/Mwh).

In *Turkey* the daily reference gas price for March at the Istanbul Energy Exchange was 1446 TRY/1000 cbm (€18.2/Mwh, 10.5 MWh in 1000 cbm, average monthly exchange rate at ECB). Turkish oil-linked gas prices are expected to fall by 15% starting from April, while LNG import prices – by 5 – 10%.

In *Ukraine* the average gas price for March 2020 quoted on the Ukrainian Energy Exchange was 4419 UAH/1000 cbm, without VAT (€14.2 /Mwh; 10.57 Mwh per 1000 cbm)

Armenia asked Gazprom to reduce the gas price, which currently is $165/1000 cbm.

Poland: The arbitration tribunal in Stockholm ruled that Gazprom must pay Polish company PGNiG about $1.5 billion in a pricing dispute case, refunding overpayment since 2014. The ruling includes that the gas pricing formula in PGNiG's long-term contract with Gazprom, which expires in 2022, should be changed to take into account market quotations.

Carbon Prices

EU carbon prices hit 22-month lows at 15 euros a tonne due to the drop in emissions from power generation, as coal-fired output was replaced by gas-fired generation and renewable power such as wind and solar.

Capacity Bookings at RBP

Day-ahead Bookings in March

In March day-ahead bookings were made along a South-North axis from Greece to Bulgaria and from Bulgaria to Romania. Another axis, this time from North to South was marked from Slovakia to Hungary and from Hungary to Croatia. All auctions ended without a premium.

Monthly Bookings for May

Monthly bookings for May were made towards Bulgaria from Greece for 21 Gwh/d. 169 Gwh/d were offered from Bulgaria towards Romania on the quitted by Gazprom TransBalkan line at Negru Voda 1, but only 5 Gwh/d were booked. All auctions ended without a premium.

Electricity Prices

Turkey's energy regulator has announced new measures for natural gas and electricity bills for the next three months amid the coronavirus break. The bills will be calculated based on the consumption during the past two years, while the balance will be payed after the real consumption will be measured.

Romania: A new ordinance adopted by the Romanian authorities caps the tariffs for electricity and thermal energy, natural gas, water supply, sanitation and fuels in line with the state of emergency because of coronavirus. According to the ordinance, the prices cannot exceed the level at the date of the issuance of the ordinance and can only be reduced according to supply and demand.

Slovenian energy group GEN-I is cutting by 15% the prices at which it sells electricity to households and small businesses in the country to mitigate the impact of the ongoing coronavirus crisis.

Oil Production, Supply and Demand

Azerbaijan said it is not planning to reduce oil production.

Belarus: Russia has settled the oil supply dispute with Belarus and increased the discount at which Belarus may import Russian oil by $12 per tonne to $15.7 per tonne, as Balarus initially wanted.

China bought record quantities of Russian oil taking advantage of low oil prices.

Gas Supply, Transit, Demand and Trade

Turkish long-term supply contracts for Russian imports expire next year and new agreements are expected to provide more flexibility with opening the market for competition.

The gas trade at the Istanbul Energy Exchange reached records levels of 14.97 mln cbm on 30 March.

Greece: A clearer market picture of the coronavirus pandemic's financial impact on Greece's gas market is expected to emerge around mid-April, when there will be one month from the moment the economy was locked. The government has promised support measures for both the gas and electricity sectors. The energy ministry is working on establishing a support mechanism. It is estimated the country's energy suppliers will require a working capital sum of around one billion euros for liquidity protection if the lockdown stretches beyond June.

Bulgaria: Botas and Bulgartransgaz intend to conclude an interconnection agreement for the Interconnection Point Strandzha/Malkoclar on Bulgarian-Turkish border and invited network users for comments on the proposed texts of the rules. The agreement intends capacity bookings in forward and reverse directions.

Bulgartransgaz invited companies to express interest for capacity bookings on Bulgaria-Serbia border for the first nine months of 2021. In case of interest, Bulgartransgaz will offer capacities to be included in the RBP platform.

Ukraine: Gazpom has transported 11.1 Bcm in Q1 2020 and paid based on the reserved capacity of 63 Bcm/y.

Electricity Production & Consumption

Turkey: In February, Turkey secured $507 million for incentive payments through the Renewable Energy Support Scheme, but it plans to end the incentive scheme this year.

Turkey added 687 MW wind-generating capacities in 2019. The wind potential of Turkey is estimated as 48 000 MW.

Greece: Low gas prices, especially LNG, caused increase of the work of the gas-fired power plants in Greece. Gas-fuelled power stations operated by independent producers are now operating 24 hours.

Bulgarian energy minister said the deadline for submitting offers for becoming strategic investor in the Belene nuclear power plant will likely be extended due to the coronavirus crisis.

Kosovo: ContourGlobal will not proceed with the construction of a 500 MW coal-fired power plant in Kosovo because the new government opposed the project.

Montenegro's government plans to introduce a package of economic measures to strengthen the energy sector and limit the country's dependence on tourism in the context of the recovery from the coronavirus crisis.

Legal and Regulatory Framework

European Commission said that it is following the epidemic “hour by hour”, but the Green Deal is still a parallel priority.

EC reaffirmed commitment to the global climate agenda and the European Green Deal with continuing efforts to finalise the EU Climate Law with an upgraded -55% 2030-target before COP26 planned for November 2020.

Ukraine: The Association of Gas Producers of Ukraine proposed the government to reduce the royalties in oil and gas production in order to reduce the risk of loss of upstream investments due the low oil and gas prices caused by the coronavirus crisis.

Russia: The tax break for the giant Priobskoye gas field by Gazprom Neft and Rosneft is off the agenda for now due to the low oil and gas prices.

Upstream

Cyprus: ExxonMobil's drilling plans offshore Cyprus have been put on hold due to the coronavirus. Verification drilling for Glaucus-1 discovery in Block 10 has been delayed for September 2021. Total an Eni, which announced plans to drill three wells in six blocks, including the Kronos prospect, reported delays connected with the drilling ships and logistical issues with the transportation of staff and shipment of materials.

Turkey: TPAO plans drilling in the Black Sea in the second half of 2020.

Croatia: INA signed three onshore oil and gas exploration and production sharing agreements, in line with a recent decision of the Croatian government, which envisages signing contracts for two onshore blocks with Croatian Crodux Derivati, for one block with Vermilion and for one block with Aspect.

Pipelines Projects and Supply Options

TurkStream: 1.32 Bcm of Russian gas has been transported to Europe by TurkStream in Q1 2020.

Alexandroupolis FSRU: DEPA, PPC, Bulgartransgaz and a Serbian company have reserved 2.6 Bcm/y capacities during the second binding auction for Alexandroupolis FSRU, which is considered enough to justify a FID.

Companies

BP has cut its 2020 spending plan by 25% and will reduce output from its U.S. shale oil and gas business.

DEPA International Projects and EDEY, the Greek Hydrocarbon Management Company are preparing a merger. The merger plan’s legal details could be attached to an energy ministry draft bill on environmental matters that is expected to be submitted to parliament following the Greek Easter break.

The privatization of DEPA Trade and DEPA Infrastructure have been put on hold because of coronavirus pandemic’s impact.

MOL announced an oil discovery offshore Norway.

OMV has successfully priced an issue of senior bonds with a total volume of EUR 1.75 bn, which shall be used for the financing of the acquisition of an additional 39% stake in Borealis AG.

OMV, in partnership with Mitsui, confirmed a positive result for hydrocarbons – oil and natural gas – at its Toutouwai-1 exploration well offshore New Zealand. Additional work is needed to determine a commercial discovery.

OMV Petrom undertook measures to ensure continuity of operations while protecting the health of employees and customers and implementing the measures imposed by the authorities connected with the spread of coronavirus. Measures include working from home, flexible working hours, online meetings, working with gloves and masks.

Romgaz gave up the acquisition of 20% of Gastrade because of the current economic context.

Romgaz currently produces gas at full capacity, it has no debt and has the opportunity to access financing from both the domestic and the international markets, and is preparing for investing after emerging from the crisis, in ongoing and new power generation projects.

Rosneft sold its Venezuela assets, to an unknown company owned by the Russian government and in return, it received 9.6% of the company's shares belonging to the state. The divestment of the interests in Venezuela aim to protect the company from future US sanctions risks.

Total said it is selling Total E&P Deep Offshore Borneo BV with 87% interest in Block CA1 to Shell and its marketing and services businesses in Liberia and Sierra Leone to Conex Oil & Gas.

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Gas and Oil Prices

Oil Price

As oil crashes due to the impact of the coronavirus, it's easy to overlook an even more dismal reality for producers: the real prices they're getting for their barrels are worse still.

Having collapsed by about 60% this year, Brent and West Texas Intermediate crude have stabilized at around $25 a barrel, but the price rout is far deeper for actual cargoes, which are changing hands at large and widening discounts to the global benchmarks. The discounts mean that in the physical market, some crude streams are trading at $15, $10 and even as little as $8 a barrel.

"The physical market is in pain, and there is more pain to come," said Torbjorn Tornqvist, the co-founder of Gunvor Group Ltd., a large trading house. "We will see the full weight of the oversupply in a couple of weeks."

Crude oil in the physical market trades at a premium or discount to Brent, West Texas Intermediate and other benchmarks. At times of surplus, premiums narrow and discounts widen. But the current situation is almost unprecedented, with discounts in some cases at multi-decade highs.

Examples abound from Africa to the Middle East to Latin America.

Nigeria, the biggest oil producer in Africa, is selling its flagship Qua Iboe crude at a discount of $3.10 a barrel below the Dated Brent benchmark, the largest in at least two decades. Colombia is selling its Vasconia crude at a discount $7.75 a barrel to Brent, a 4 1/2-year low. "The physical oil market looks horrific," said Kit Haines, an analyst at consultant Energy Aspects Ltd.

Oil prices in the physical market are weakening as the economic impact of the coronavirus on oil demand cascades through every part of the petroleum industry. "Demand clearly is off, in some parts of the world, very dramatically," Chevron CEO Mike Wirth told Bloomberg TV on Tuesday.

With fuel consumption in some countries, including France and Italy, down by a third or more, refiners are being forced to reduce the amount of crude they process. For example, Phillips 66, the world's 11th-largest oil refiner by capacity, said on Tuesday it was operating its plants at "minimum crude processing rates" -- traditionally seen in the industry as running a refinery at between 60% and 80% of nameplate capacity. With refiners cutting runs, their demand for barrels has fallen commensurately.

"Up to now the sharp market imbalances have mostly existed as a spreadsheet exercise," Roger Diwan, an oil analyst at consultant IHS Markit Ltd. told clients in a note. "In the next two to three weeks, we will see those physical imbalances manifest in physical markets."

With refiners scaling down their crude purchases, traders are buying the cargoes to store them. The oil market has flipped into what the industry calls a contango: spot prices are lower than forward prices. The contango allows traders to buy physical crude, store it, and make a profit by selling forward.

“The oversupply is going to be stored, and for that you need a deep contango,” Tornqvist said. “Clearly, everyone, us and other trading houses, is going to take advantage going forward. It’s the only game in town.”

The Brent six-month contango widened on Wednesday to $9.70 a barrel, fast approaching the $11 to $12 reached during the global financial crisis in 2008-09. The contango deepened despite small gains in headline Brent prices.

The pain in the physical market is clearly visible in the North Sea. Forties crude, which is the largest grade that helps set the global Brent benchmark, traded on Monday at its weakest since 2008. The financial instruments traders use to hedge their actual barrels are also mirroring the physical crude market’s weakness. In the North Sea, the Dated-to-Frontline swap, which helps traders to cover the gap between the futures and physical market, was at -$3.29, the widest discount in at least a decade.

In other markets, from Asia to the Mediterranean to the Middle East, actual barrels of key crude streams are trading at similar discounts. Central Asian crude CPC Blend, for example, changed hands at an 8-year low earlier this month.

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Oil prices held close to the $20-a-barrel mark after U.S. government data showed the biggest build in stockpiles in more than three years.

U.S. crude inventories jumped 13.8 million barrels last week, the biggest one-week gain since October 2016, according to the U.S. Energy Information Administration’s weekly petroleum report. Meanwhile, inventories at the Cushing, Oklahoma, hub rose by 3.5 million barrels while gasoline saw a 7.5 million-barrel build as demand for the fuel cratered an all-time low.

“The market has largely priced in the combination of producers putting more oil in the market and demand destruction occurring from the coronavirus,” said Gene McGillian, vice president of market research at Tradition Energy. “But there is still a lot of worry for what happens in the next four to six weeks with U.S. inventory possibly filling to maximum capacity.”

The U.S. stockpile build will likely reinforce what many believe is inevitable in coming weeks and months: that physical tanks, ships and caverns around the world will fill to the brim with plentiful supply as the spread of the coronavirus shuts down economies while two of the world’s largest oil producing nations duke it out in a price war.

Oil futures in New York were little changed on Wednesday after trading in shallow negative territory earlier following a record decline in the first quarter. While state-run Aramco is showing no sign of bowing to pressure from U.S. President Donald Trump to dial back its price war, Russia doesn’t plan to increase output because it’s not profitable to do so, according to a government official familiar with the country’s plans.

The declarations follow a flurry of U.S.-driven diplomacy, with Trump speaking with both Russian and Saudi leaders, though the former OPEC+ allies have no plans to talk to each other, the Kremlin said.

In any event, an agreement to cut output would probably be too late and fall short of the loss in consumption globally, according to Goldman Sachs Group Inc. The market is grappling with a bumper oversupply, while trading house Vitol SA said demand is set to drop by as much as 30 million barrels a day in April.

“With demand destruction across the globe and now with Saudi flooding the markets with oil we feel it is only a matter of time before oil is trading in the teens and perhaps the low teens,” said Tariq Zahir, a fund manager at Tyche Capital Advisors LLC.

Prices:

- West Texas Intermediate for May gained 11 cents to $20.59 a barrel at 11:02 a.m. in New York

- Brent crude for June settlement fell 3.98% to $25.30 a barrel

- Dated Brent, the benchmark for two-thirds of the world’s real oil supply, was assessed at $17.675 on Tuesday, down 11.5 cents from Monday when it was already the lowest price since 2002

Saudi Arabia has started the month by pushing crude supply to record levels, according to an industry official familiar with the kingdom’s operations. Aramco has been loading 15 tankers with 18.8 million barrels of oil, the company said Wednesday in a tweet.

Yet Russia’s decision to hold off on an increase highlights the stress that producers are under around the world. On Wednesday, Whiting Petroleum Corp., facing more than a quarter-billion dollar debt it could not pay, filed for bankruptcy as the market collapse struck down another shale explorer.

Meanwhile, U.S. Treasury Secretary Steven Mnuchin said he was continuing to ask Congress for approval to buy oil to fill up the strategic petroleum reserves. Investors say that such a move would likely buy time, but would not solve the world’s storage issue.

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U.S. President Donald Trump and Russian President Vladimir Putin agreed during a phone call on Monday to have their top energy officials discuss slumping global oil markets, the Kremlin said, as Trump called Russia’s price war with Saudi Arabia “crazy.”

The agreement marks a new twist in global oil diplomacy since a failed deal earlier this month between the Organization of the Petroleum Exporting Countries and Russia to cut production ignited the price war between Russia and OPEC’s de facto leader Saudi Arabia.

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While all types of crude have been hit, so-called light and medium sweet grades are the least in demand, meaning the outlook is bleaker for countries such as Azerbaijan, Kazakhstan and Nigeria, according to traders in oil from those countries.

Light grades with low density and sulfur are mostly used to make naphtha, gasoline and jet fuel, refined products that are both out of favor because of the economic fallout from the pandemic and also hard to store for long.

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Oil surged more than 12% as China planned to start buying up cheap crude for its strategic reserves, adding to tentative signs of growing risk appetite across financial markets that's propelling prices higher.

Futures extended gains as Beijing instructed government agencies to start filling state stockpiles after oil plunged 66% over the first three months of the year. China's move comes as the physical crude market shows deepening signs of strain as supply explodes and demand collapses due to the coronavirus.

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Saudi Arabia and Russia have agreed on the outline of a deal to cut oil production in an effort to lift the market from a pandemic-driven collapse.

The two nations appear to have buried differences that led to a huge supply surplus, delegates said. The rapprochement came just before the extraordinary virtual meeting of OPEC and its allies kicked off.

It's however still unclear how some of the obstacles will be cleared. Saudi Arabia was pushing for any supply curbs to be measured against a higher baseline -- its April production of above 12 million barrels a day, delegates said earlier. At the same time, Russia showed no sign of weakening its insistence that a deal was only possible if the U.S. cuts output too.

Oil surged as much as 11%.

Moscow, whose grudge against U.S. shale could still arguably prevent a final deal, said Wednesday it's willing to reduce output by 1.6 million barrels a day, or roughly 15%. Saudi Arabia was also discussing a cut of 15% to 17% on Thursday, delegates said, asking not to be identified because the talks were private.

However, the two sides were still disagreeing over the baseline for those reductions, the delegates said. It's a debate that could make a huge difference to the size of the production cut. As the Saudis have pushed for their contribution to be measured against current record output, Russia has favored using an average of the first quarter, when the kingdom pumped about 9.8 million barrels a day.

At stake is the fate of entire oil-dependent economies, thousands of companies and millions of oil industry jobs as the OPEC+ coalition and Group of 20 energy ministers gather in two key video conferences this week. Crude futures have plunged to the lowest levels in almost two decades as the lockdowns around the world slash oil demand by as much as 70% in some places and Russia and Saudi Arabia battle for their share of a shrinking market.

With Trump pressing hard for a deal, and the whole Group of 20 involved too, a lot is riding on this week's negotiations. Following the OPEC+ meeting, Saudi Arabia will lead a virtual conference of G-20 energy ministers on Friday at 3 p.m. Riyadh time.

So far, the Kremlin has insisted the U.S. should do more than just let market forces reduce its record production. President Donald Trump, meanwhile, has put huge diplomatic pressure on Russia and Saudi Arabia, while saying America's cut will happen "automatically" as low prices put America's shale patch in dire straits.

"I think they'll straighten it out -- a lot of progress has been made over the past week," Trump said at a White House briefing Wednesday. "We have a tremendously powerful energy industry in this country now, number one in the world, and I don't want those jobs being lost."

The pressure on Saudi Arabia to prop up oil prices has been immense, with U.S. government officials and lawmakers all abandoning their traditional stance that cheap gasoline is good for America. Republican lawmakers in particular have sent pointed letters to Riyadh, demanding quick action. On Wednesday evening, a group of 48 Congressmen wrote to Crown Prince Mohammed Bin Salman saying the kingdom was "artificially" depressing global oil prices, hurting American interests.

Saudi Arabia is one of the few countries in the world that can boast crude production that's profitable in the current environment. But the kingdom's economy is at risk, too, as Riyadh needs much higher prices to fund its budget. So does Russia.

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OPEC+ finally signed off a landmark production cut deal on Sunday after adjusting a provisional agreement made last Thursday.

The 10th extraordinary OPEC and non-OPEC ministerial meeting on April 12, carried out via videoconference, agreed to cut overall crude oil production by 9.7 million barrels per day (MMbpd) from May 1 to June 30, then by 7.7MMbpd from July 1 to December 31 followed by 5.8MMbpd from January 1, 2021, to April 30, 2022.

The baseline for the calculation of the adjustments is the oil production of October 2018, except for the Kingdom of Saudi Arabia and the Russian Federation, which both have the same baseline level of 11MMbpd.

OPEC+ is next meeting on June 10 via videoconference "to determine further actions as needed to balance the market". The extension of the latest agreement will be reviewed during December 2021.

Commenting on the final deal, IHS Markit Vice Chairman Daniel Yergin said it enables the global oil industry and the national economies and other industries that depend upon it to avoid a "very deep" crisis.

“Without this deal, the global industry would have run out of storage for the flood of excess oil in a few weeks and prices would have crashed, which would have also really hit financial markets,” he said in a statement sent to Rigzone.

“This restrains the build-up of inventories, which will reduce the pressure on prices when normality returns – whenever that is,” he added.

IHS Markit Vice President Roger Diwan outlined that the “historical” cut promises to remove up to 14MMbpd in May and June when paired with expected declines and shut-ins likely to occur in the next few months in the United States, Canada and some other producing countries.

“This is a critically-needed relief in the face of declines in crude demand estimated at around 20MMbpd,” Diwan stated.

“Stepping away from a destructive price war, the return to market management by Saudi Arabia and Russia and backed by the United States and a very involved President Trump, does mark a physical and psychological inflection point for the oil market,” he added.

Bjornar Tonhaugen, head of oil markets at Rystad Energy, dubbed the latest deal the “single largest output cut in history” but outlined that it was not big enough.

“Even though OPEC+ has decided to attempt to bail out the global oil market, the group has unfortunately only come up with half of the ransom money,” Tonhaugen said in a statement sent to Rigzone.

“We believe the market’s disappointment will reflect in prices already from April due the lack of size and the speed of the supply removal,” he added.

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The curbs will start removing almost a 10th of global output. Saudi Energy Minister Prince Abdulaziz bin Salman said Monday that the kingdom is ready to trim production even further if needed, but will only cut if others in the alliance reduce their supply accordingly. He also said the more bearish demand forecasts may be too pessimistic, so the alliance may not need to make deeper cuts.

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The OPEC+ output deal has only served to avert a complete price collapse, according to Societe Generale SA. The bank forecast Brent will average c, “on the premise that post pandemic normalcy returns, OPEC+ cuts are successful,” and decent compliance.

Source: Rigzone, Bloomberg

Gas Prices

European power and gas prices have sunk to new lows as lockdowns due to coronavirus dent energy demand, though signs of a recovery in liquefied natural gas (LNG) buying in Asia could lend support.

The coronavirus outbreak has triggered a sudden and unprecedented slump in energy demand in Europe and stoppages in most power-intensive manufacturing at a time that residential heat markets for gas move into spring mode, when usage drops.

Some gas producers and operators, such as Norway's Equinor and gas system operator Gassco, have even said they are delaying or cancelling maintenance work at gas processing plants and platforms.

However, signs of a tentative recovery in Asian demand, where spot LNG prices have risen for three straight weeks, could offer some support. [LNG/]

Asian and European physical gas markets have become more linked on a global scale due to rising spot volumes, an increase in LNG paper trading, and hedging.

"While Europe has now become the epicenter of the pandemic, Asian (gas) spot prices are already increasing as demand picks up," said Kepler Research.

The benchmark German wholesale 2021 power price hit a two-year low of 33.50 euros ($36.27) a megawatt hour (MWh) on Monday, having lost 14% over the last two weeks before rebounding on Tuesday.

Wholesale gas prices had already been falling since last year, winning market share from coal in burning for power.

The Dutch day-ahead gas price on the TTF hub has been hovering just above 8 euros/MWh, revisiting record lows last seen at the start of winter last October, in the 2009 financial crisis and briefly in 2007.

"We won't see 10-15 euro levels (for power). Power generation plants cannot produce at that price," said Hanns Koenig at consultancy Aurora. For the gas market, with prices at around 8 euros, "nobody's making any money", he said.

Buyers are expected to invoke options in their contracts to reduce imports via pipeline, which could result in output cuts in producer countries such as Russia or Norway.

"TTF (gas price) levels will need to fall to levels that discourage LNG or pipeline supply," said consultancy Energy Aspects.

European energy demand could fall more than 4% over the next two months, Norwegian consultancy Rystad said. Growth estimates for this year as a whole are limited to as little as 0.36%.

The impact on utilities stocks has been merciless, with the European sector index losing a third over the past four weeks in an industry where debt and liquidity positions are highly varied.

German industrial demand for power could drop by up to a fifth this year and spot wholesale prices by up to 4.7%, according to Germany-based energy consultancy Enervis.

Other analysts see a price fall of 5-10% after lockdowns end.

“This would imply 1 euros per megawatt hour (MWh) losses at the lower end and 1.85 euros at the upper end of the range of the average 2020 spot price over the year,” said analyst Mirko Schlossarczyk.

Prior to the outbreak, Enervis had expected 2020 spot prices to average 39.6 euros. The day-ahead contract, a daily snapshot, currently stands at around 22.25 euros. German economic institutes predict anything from mild recession shrinking GDP by 1.5% to a generational crash, which would wipe out 9% of GDP in Europe’s industrial powerhouse.

The fall of power, gas and oil prices has had a knock-on effect on carbon permit and coal prices.

EU carbon prices hit 22-month lows at 15 euros a tonne on Monday, while European coal 2021 futures, at $56.4, are only $1.9 about the contract low.

Although coal use has been diminishing in Europe, it could be considered as a cheap and reliable source of energy to rebuild economies after the pandemic, said Steve Hulton, Rystad Energy’s head of global coal research.

Source :Reuters

EU

Capacity Bookings at RBP

Day-ahead Bookings in March 2020

Day-ahead Capacity Reservation at RBP: Firm and Bundled Capacities

No	Network Point / Route	Period	Exit TSO Name	Entry TSO Name	Capacity Offered , GWh/d	Capacity Allocated, GWh/d	Reservation Price, €/MWh	Auction Premium, €/MWh
1	Balassagyarmat (HU) / Velké Zlievce (SK)	2020.03.01.	eustream, a.s.	FGSZ Zrt.	35.7	5.6	2.11	0
2	Balassagyarmat (HU) / Velké Zlievce (SK)	2020.03.02.	eustream, a.s.	FGSZ Zrt.	35.7	4.8	2.11	0
3	Balassagyarmat (HU) / Velké Zlievce (SK)	2020.03.03.	eustream, a.s.	FGSZ Zrt.	35.7	8.5	2.11	0
4	Balassagyarmat (HU) / Velké Zlievce (SK)	2020.03.04.	eustream, a.s.	FGSZ Zrt.	35.7	10.6	2.11	0
5	Balassagyarmat (HU) / Velké Zlievce (SK)	2020.03.05.	eustream, a.s.	FGSZ Zrt.	35.7	15.8	2.11	0
6	Balassagyarmat (HU) / Velké Zlievce (SK)	2020.03.06.	eustream, a.s.	FGSZ Zrt.	35.7	16.0	2.11	0
7	Balassagyarmat (HU) / Velké Zlievce (SK)	2020.03.07.	eustream, a.s.	FGSZ Zrt.	35.7	7.3	2.11	0
8	Balassagyarmat (HU) / Velké Zlievce (SK)	2020.03.08.	eustream, a.s.	FGSZ Zrt.	35.7	7.3	2.11	0
9	Balassagyarmat (HU) / Velké Zlievce (SK)	2020.03.09.	eustream, a.s.	FGSZ Zrt.	35.7	9.9	2.11	0
10	Balassagyarmat (HU) / Velké Zlievce (SK)	2020.03.10.	eustream, a.s.	FGSZ Zrt.	35.7	3.8	2.11	0
11	Balassagyarmat (HU) / Velké Zlievce (SK)	2020.03.24.	eustream, a.s.	FGSZ Zrt.	35.7	13.4	2.11	0
12	Balassagyarmat (HU) / Velké Zlievce (SK)	2020.03.25.	eustream, a.s.	FGSZ Zrt.	35.7	11.5	2.11	0
13	Balassagyarmat (HU) / Velké Zlievce (SK)	2020.03.26.	eustream, a.s.	FGSZ Zrt.	35.7	3.7	2.11	0
14	Balassagyarmat (HU) / Velké Zlievce (SK)	2020.03.28.	eustream, a.s.	FGSZ Zrt.	35.7	3.8	2.11	0
15	Balassagyarmat (HU) / Velké Zlievce (SK)	2020.03.29.	eustream, a.s.	FGSZ Zrt.	35.7	3.8	2.11	0
16	Balassagyarmat (HU) / Velké Zlievce (SK)	2020.03.30.	eustream, a.s.	FGSZ Zrt.	35.7	8.1	2.11	0
17	Balassagyarmat (HU) / Velké Zlievce (SK)	2020.03.31.	eustream, a.s.	FGSZ Zrt.	35.7	10.9	2.11	0
1	Drávaszerdahely (HU) / Dravaszerdahely (CR)	2020.03.25.	FGSZ Zrt.	Plinacro d.o.o.	37.0	6.1	3.28	0
2	Drávaszerdahely (HU) / Dravaszerdahely (CR)	2020.03.26.	FGSZ Zrt.	Plinacro d.o.o.	37.0	4.2	3.28	0
1	Kulata (BG)/Sidirokastron (GR)	2020.03.01.	DESFA S.A.	Bulgartransgaz EAD	34.7	3.7	3.36	0
2	Kulata (BG)/Sidirokastron (GR)	2020.03.03.	DESFA S.A.	Bulgartransgaz EAD	34.7	1.0	3.36	0
3	Kulata (BG)/Sidirokastron (GR)	2020.03.04.	DESFA S.A.	Bulgartransgaz EAD	34.7	3.2	3.36	0
4	Kulata (BG)/Sidirokastron (GR)	2020.03.05.	DESFA S.A.	Bulgartransgaz EAD	34.7	1.2	3.36	0
5	Kulata (BG)/Sidirokastron (GR)	2020.03.06.	DESFA S.A.	Bulgartransgaz EAD	34.7	1.1	3.36	0
6	Kulata (BG)/Sidirokastron (GR)	2020.03.07.	DESFA S.A.	Bulgartransgaz EAD	34.7	1.0	3.36	0
7	Kulata (BG)/Sidirokastron (GR)	2020.03.08.	DESFA S.A.	Bulgartransgaz EAD	34.7	1.0	3.36	0
8	Kulata (BG)/Sidirokastron (GR)	2020.03.09.	DESFA S.A.	Bulgartransgaz EAD	34.7	0.8	3.36	0
9	Kulata (BG)/Sidirokastron (GR)	2020.03.11.	DESFA S.A.	Bulgartransgaz EAD	34.7	0.1	3.36	0
10	Kulata (BG)/Sidirokastron (GR)	2020.03.22.	DESFA S.A.	Bulgartransgaz EAD	34.7	0.6	3.36	0
11	Kulata (BG)/Sidirokastron (GR)	2020.03.23.	DESFA S.A.	Bulgartransgaz EAD	34.7	0.6	3.36	0
12	Kulata (BG)/Sidirokastron (GR)	2020.03.24.	DESFA S.A.	Bulgartransgaz EAD	34.7	0.6	3.36	0
13	Kulata (BG)/Sidirokastron (GR)	2020.03.25.	DESFA S.A.	Bulgartransgaz EAD	34.7	0.6	3.36	0
14	Kulata (BG)/Sidirokastron (GR)	2020.03.26.	DESFA S.A.	Bulgartransgaz EAD	34.7	0.6	3.36	0
15	Kulata (BG)/Sidirokastron (GR)	2020.03.27.	DESFA S.A.	Bulgartransgaz EAD	34.7	0.6	3.36	0
16	Kulata (BG)/Sidirokastron (GR)	2020.03.28.	DESFA S.A.	Bulgartransgaz EAD	34.7	0.6	3.36	0
17	Kulata (BG)/Sidirokastron (GR)	2020.03.29.	DESFA S.A.	Bulgartransgaz EAD	34.7	0.6	3.36	0
18	Kulata (BG)/Sidirokastron (GR)	2020.03.30.	DESFA S.A.	Bulgartransgaz EAD	34.7	0.6	3.36	0
19	Kulata (BG)/Sidirokastron (GR)	2020.03.31.	DESFA S.A.	Bulgartransgaz EAD	34.7	1.6	3.36	0
1	Ruse (BG)/Giurgiu(RO)	2020.03.03.	SNTGN Transgaz SA	Bulgartransgaz EAD	20.0	2.2	2.55	0
2	Ruse (BG)/Giurgiu(RO)	2020.03.20.	Bulgartransgaz EAD	SNTGN Transgaz SA	18.5	0.2	2.99	0
3	Ruse (BG)/Giurgiu(RO)	2020.03.22.	Bulgartransgaz EAD	SNTGN Transgaz SA	18.5	0.2	2.99	0
4	Ruse (BG)/Giurgiu(RO)	2020.03.23.	Bulgartransgaz EAD	SNTGN Transgaz SA	18.5	0.2	2.99	0
5	Ruse (BG)/Giurgiu(RO)	2020.03.24.	Bulgartransgaz EAD	SNTGN Transgaz SA	18.5	0.2	2.99	0
6	Ruse (BG)/Giurgiu(RO)	2020.03.25.	Bulgartransgaz EAD	SNTGN Transgaz SA	18.5	0.2	2.99	0
7	Ruse (BG)/Giurgiu(RO)	2020.03.26.	Bulgartransgaz EAD	SNTGN Transgaz SA	18.5	0.2	2.99	0
8	Ruse (BG)/Giurgiu(RO)	2020.03.27.	Bulgartransgaz EAD	SNTGN Transgaz SA	18.5	0.2	2.99	0
9	Ruse (BG)/Giurgiu(RO)	2020.03.28.	Bulgartransgaz EAD	SNTGN Transgaz SA	18.5	0.2	2.99	0

ECB monthly average exchange rates

Monthly Bookings for May 2020

Monthly Capacity Reservation at RBP: Firm and Bundled Capacities

Network Point / Route	Period*	Exit TSO Name	Entry TSO Name	Capacity Offered , GWh/d	Capacity Allocated, GWh/d	Reservation Price, €/MWh	Auction Premium, €/MWh
Balassagyarmat (HU) / Velké Zlievce (SK)	2019/2020 JAN	eustream, a.s.	FGSZ Zrt.	35.7	21.1	1.56	
Csanádpalota (HU) / Csanadpalota (RO)	2019/2020 JAN	FGSZ Zrt.	SNTGN Transgaz SA	0.1	0.1	1.52	0.62
Csanádpalota (HU) / Csanadpalota (RO)	2019/2020 JAN	SNTGN Transgaz SA	FGSZ Zrt.	21.5	2.4	1.31	
Drávaszerdahely (HU) / Dravaszerdahely (CR)	2019/2020 JAN	FGSZ Zrt.	Plinacro d.o.o.	28.9	0.9	1.62	
Kulata (BG)/Sidirokastron (GR)	2019/2020 JAN	DESFA S.A.	Bulgartransgaz EAD	64.7	13.7	4.14	
Negru Voda 1 (RO)/Kardam (BG)	2019/2020 JAN	Bulgartransgaz EAD	SNTGN Transgaz SA	169	169	3.45	0.34
Ruse (BG)/Giurgiu(RO)	2019/2020 JAN	Bulgartransgaz EAD	SNTGN Transgaz SA	18.5	18.5	4.48	
Csanádpalota (HU) / Csanadpalota (RO)	2019/2020 FEB	FGSZ Zrt.	SNTGN Transgaz SA	0.1	0.1	1.03	
Drávaszerdahely (HU) / Dravaszerdahely (CR)	2019/2020 FEB	FGSZ Zrt.	Plinacro d.o.o.	28.9	4.0	1.70	
Kulata (BG)/Sidirokastron (GR)	2019/2020 FEB	DESFA S.A.	Bulgartransgaz EAD	63.4	24.0	3.88	
Negru Voda 1 (RO)/Kardam (BG)	2019/2020 FEB	Bulgartransgaz EAD	SNTGN Transgaz SA	169	1.3	1.28	
Ruse (BG)/Giurgiu(RO)	2019/2020 FEB	SNTGN Transgaz SA	Bulgartransgaz EAD	20.9	0.1	3.48	
Csanádpalota (HU) / Csanadpalota (RO)	2019/2020 MAR	FGSZ Zrt.	SNTGN Transgaz SA	0.1	0.1	1.15	1.16
Ruse (BG)/Giurgiu(RO)	2019/2020 APR	SNTGN Transgaz SA	Bulgartransgaz EAD	21.0	0.6	0.60	
Drávaszerdahely (HU) / Dravaszerdahely (CR)	2019/2020 APR	FGSZ Zrt.	Plinacro d.o.o.	29.9	1.2	1.11	
Kulata (BG)/Sidirokastron (GR)	2019/2020 APR	DESFA S.A.	Bulgartransgaz EAD	56.9	7.0	1.41	
Negru Voda 1 (RO)/Kardam (BG)	2019/2020 APR	Bulgartransgaz EAD	SNTGN Transgaz SA	168.9	0.6	0.41	
Kulata (BG)/Sidirokastron (GR)	2019/2020 MAY	DESFA S.A.	Bulgartransgaz EAD	56.9	21.4	1.46	
Ruse (BG)/Giurgiu(RO)	2019/2020 MAY	SNTGN Transgaz SA	Bulgartransgaz EAD	21.0	0.4	0.66	
Negru Voda 1 (RO)/Kardam (BG)	2019/2020 MAY	Bulgartransgaz EAD	SNTGN Transgaz SA	168.9	5.2	0.61	

ECB monthly average exchange rates

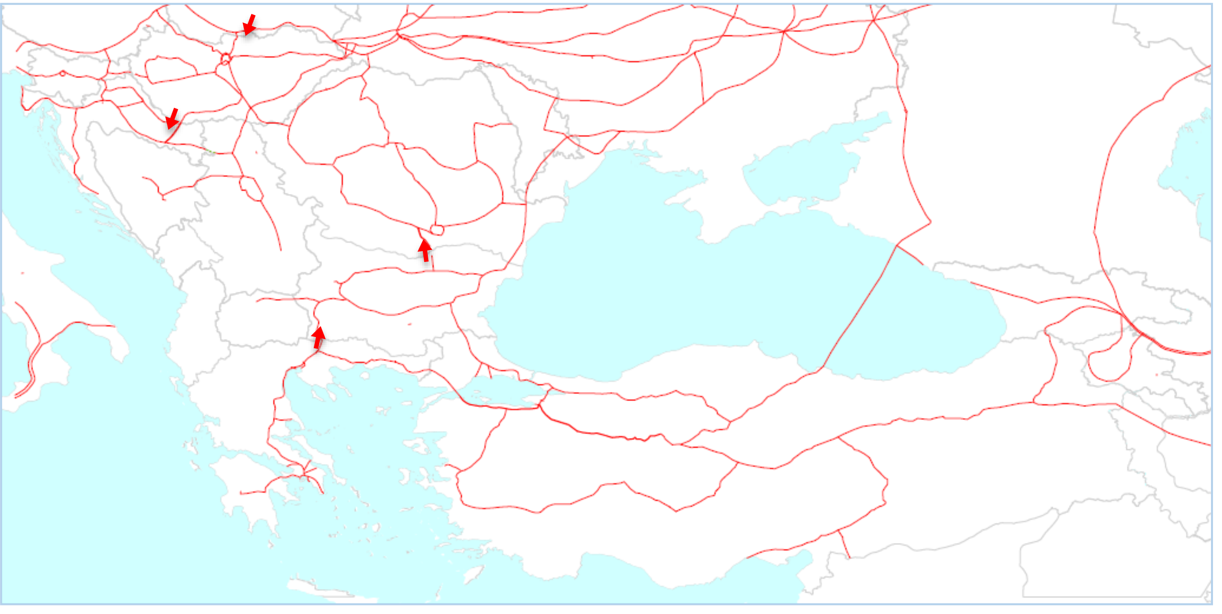
Day-ahead Bookings in March

In March day-ahead bookings were made along a South-North axis from Greece to Bulgaria and from Bulgaria to Romania. Another axis this time from North to South was marked from Slovakia to Hungary and from Hungary to Croatia. All auctions ended without a premium.

Monthly Bookings for May

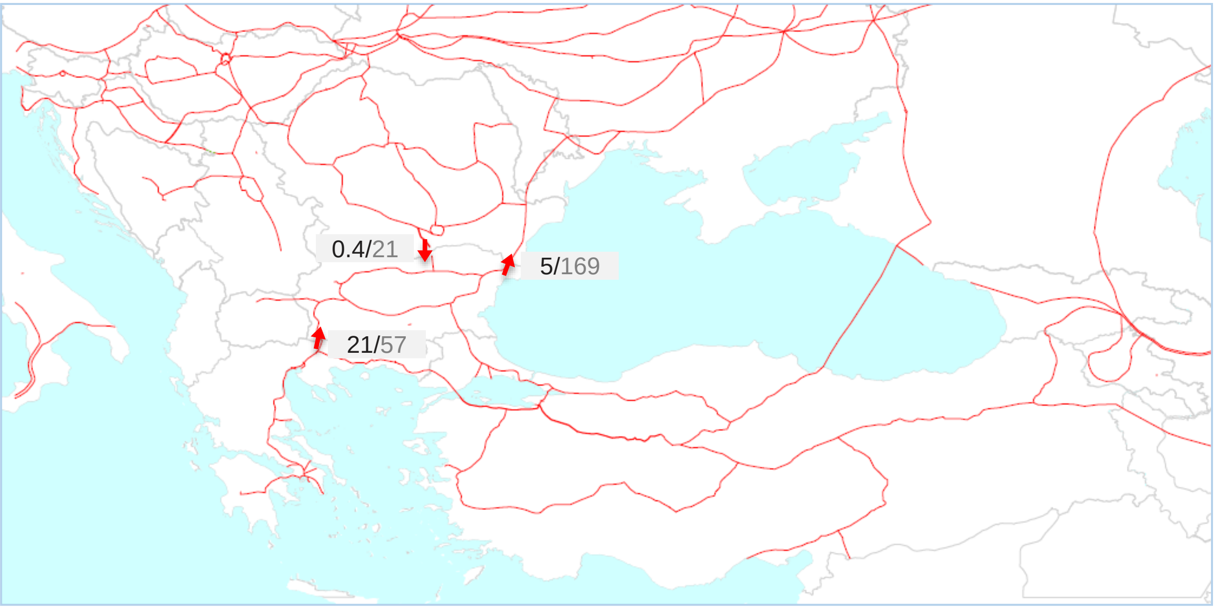
Monthly bookings for May were made towards Bulgaria from Greece for 21 Gwh/d. 169 Gwh/d were offered from Bulgaria towards Romania on the quitted by Gazprom TransBalkan line at Negru Voda 1, but only 5 Gwh/d were booked. All auctions ended without premium.

Day-Ahead Bookings for March 2020



Direction of the booked capacity

Monthly Bookings for May 2020



Direction of the booked capacity

21/57 Booked capacity/ offered capacity, Gwh/d

Carbon Emissions

Greenhouse gas emissions regulated under Europe's carbon market fell by 8.7% last year, according to preliminary like-for-like European Commission data examined by carbon analysts at Refinitiv.

Around 45% of the European Union's output of greenhouse gases is regulated by the Emissions Trading System (ETS), the bloc's flagship policy to tackle global warming by charging for the right to emit carbon dioxide (CO_2).

The Refinitiv carbon analysts' interpretation of the data found stationary emissions covered by the scheme such as power plants and factories, totalled 1.536 billion tonnes of CO2 equivalent (CO2e), down 8.7% on the previous year.

The fall was largely due to a drop in emissions from power generation as coal-fired output was replaced by gas-fired generation and renewable power such as wind and solar.

"This significant drop in carbon emissions… shows how successful the EU ETS and related pollution policies have been in phasing out coal and lignite in the power sector," Carbon Market Watch policy director Sam Van den plas said.

Global warming emissions from the power sector fell by 12% last year, led by a steep decline in coal power generation, which was replaced half by natural gas and half by renewables, according to fresh data published on Wednesday (5 February).

Emissions from power and heating generation fell by 14%, to 766.9 million tonnes, the analysts said on Wednesday.

The fall in emissions in the industrial sector was, however, much lower, with a 2.7% drop to 768.8 million tonnes.

The analysts said that although the data was incomplete, with around 90% of stationary installations reporting, the overall reduction figure was unlikely to change significantly.

Emissions from the largest-emitting airlines in the ETS increased last year, NGO Transport & Environment's (T&E) analysis of the EU data showed.

Of the 20 largest-emitting airlines in the carbon market, 14 had higher emissions last year. These 14 carriers together emitted 37.1 million tonnes of carbon dioxide in 2019, an increase of 1.5 million tonnes from in 2018, T&E said.

The EU carbon market covers emissions from flights within the European Economic Area.

Source :Euractiv

Green Deal

European Commission spokeswoman Vivian Loonela told reporters that, while Brussels is following the epidemic "hour by hour", the Green Deal is still a parallel priority.

And, speaking on condition of anonymity, a European Commission official went further, insisting efforts would continue to enshrine the climate friendly growth plan in EU law.

"The climate crisis is still a reality, and necessitates our continued attention and efforts," the source said.

"This is one of the very reasons why we presented the climate law: to avoid that climate action, a generational task, is obfuscated by more pressing and immediate challenges."

Source: Euractiv

Decarbonisation

he European Commission “took note” of the UK’s announcement to postpone this year’s UN climate summit but stressed its “strong commitment” to the global climate agenda, as nations grapple with the COVID-19 pandemic.

“This makes sense,” said Frans Timmermans, the EU Commission vice-president in charge of the European Green Deal, which aims to steer the bloc towards net-zero greenhouse gas emissions by 2050.

“We acknowledge that global diplomatic activity is currently slowed down by the coronavirus crisis. And we understand that this decision is taken to avoid that COP26 would fail to meet expectations as a result of insufficient participation,” Timmermans said in a statement.

But the Dutchman also seized the opportunity to reaffirm the Commission’s commitment to the global climate agenda and the European Green Deal.

“We will not slow down our work domestically or internationally to prepare for an ambitious COP26, when it takes place,” he said.

The Commission has already started putting together a cost-benefit analysis to raise the EU’s 2030 ambitions and cut emissions by 50-55% compared to 1990 levels, Timmermans said.

That plan “is on track, and the Commission will stick to that”, the Dutchman stressed, saying the detailed impact study will be presented in September as planned.

“The same goes for the work necessary to submit an enhanced Nationally Determined Contribution to the UNFCCC in line with our commitment under the Paris Agreement,” he added.

In the European Parliament, lawmakers reacted along similar lines.

“The efforts to save lives and fight COVID-19 remain a top priority,” said Pascal Canfin, a French centrist MEP who chairs the Parliament’s committee on environment and public health.

“However, this is a delay – not a reason to stop the necessary work to tackle climate change,” he added, saying “the COP26 in Glasgow must still be the moment when the world decides to be more ambitious and close the gap in order to live up to the Paris agreement.”

The EU “must finalise the EU Climate Law with an upgraded -55% 2030-target in due time before COP26,” Canfin sad in a statement.

“The fight against climate change cannot be lock-downed. Our work with the EU Climate Law and more in general the European Green Deal continues as planned,” added Jytte Guteland, a Swedish socialist MEP who steers the EU’s proposed climate law through Parliament.

Climate think tank E3G reacted in a similar fashion, saying postponing COP26 was “a responsible decision” to make for health and safety reasons.

But E3G chief executive Nick Mabey also urged world governments not to take their eyes off the climate emergency.

“While we must urgently tackle the health crisis and its social and economic ripple effects, we can’t forget that the clock is still ticking in the race to stop climate change. As the world moves to recover from COVID, building climate cooperation through a rescheduled COP26 will be part of the new global effort needed to limit multiple future global crises,” he said.

Nigel Topping, the UK’s high-level champion for COP26, also believes postponing COP26 was “the right decision” to make.

“The question cities, regions, businesses, and civil society organisations will now be focused on is how we can bounce back to a better position than we started,” he said in a statement.

“This means building a more inclusive and resilient economy that addresses climate change and environmental breakdown, while at the same time protecting human health and tackling social inequalities. These imperatives are locked together in reality and have to be locked together in the delivery. The case for leadership and action is even more urgent than before.”

Source: Actmedia

Armenia

Gas Price

Armenia has asked Russia to start talks on reducing the price of imported gas, the government said on its website on Tuesday.

Deputy Prime Minister Mher Grigoryan had sent the request to Russia, it said.

Armenia also wants the payment to be made in Armenian drams instead of U.S. dollars.

The South Caucasus country currently pays Russia $165 for 1,000 cubic meters of gas.

Source: Reuters

Azebaijan

Oil Production

Azerbaijan is not planning to change its oil production plans for 2020, despite the collapse of an OPEC+ output deal earlier this month, the RIA news agency cited the country’s energy ministry as saying on Tuesday.

Cooperation with OPEC+ oil producers will continue, the ministry said.

Source: Reuters

Belarus

Oil Supply

Russia has settled a months-long oil supply dispute with Belarus, three industry sources told Reuters on Monday, as Moscow seeks as many buyers as possible in a fight for market share after a landmark cooperation agreement with Saudi Arabia fell apart.

Russia, which was supplying Belarus with an average of 24 million tonnes of oil per year, or 480,000 barrels per day (bpd), stopped oil shipments to Belarus from Jan 1, after failing to agree a new price with Minsk.

Belarus, Russia's ex-Soviet ally, imported discounted oil from Moscow for years, reselling some of it and oil products processed from the Russian barrels on to Europe until Moscow decided to stop the practice.

Two mid-sized oil firms, part of Mikhail Gutseriyev's Safmar group, continued supplying Belarus, although with only enough to keep its refineries at minimal runs. Minsk started talks with alternative suppliers, including Saudi Arabia, sources have said.

Russia, along with some other producers, was part of a wider alliance with the Organization of Petroleum Exporting Countries (OPEC). For three years, this group, known as OPEC+, was coordinating their supply to support global oil prices.

That alliance fell apart on March 6 after Russia and Saudi Arabia failed to agree on how to act amid falling oil demand from the global coronavirus outbreak, effectively starting a war for the market share. Everyone can pump freely from April 1. Saudi Arabia has already slashed prices for its oil and some traditional Urals buyers, Russia's main export blend, have already placed orders for Saudi barrels.

Three oil industry sources told Reuters on Monday that Russia has increased the discount at which Belarus may import Russian oil by $12 per tonne to $15.7 per tonne, as Minsk initially wanted.

Oil companies are ready to restore supplies in the full amount of 480,000 bpd as soon as April 1, the sources said, but Belarus is yet to say how much oil it needs. Demand for the oil products it resells to Europe have fallen with people's movements restricted in the attempt to stop coronavirus from spreading.

"We are ready to supply but the question is how much they (Belarus) will ask for. No-one needs much oil now as there is simply nowhere to sell the oil products," the first source who works in a Russian oil company said.

The Russian energy ministry and Belarus state oil company Belneftekhim did not reply to Reuters requests for comment.

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Russia's oil pipeline monopoly Transneft has started supplying crude oil to Belarusian refineries, news agency Interfax reported the company as saying on Monday.

Major Russian oil companies suspended supplies to Belarus from Jan. 1 after failing to agree supply terms, with Moscow wanting to end years of discounted oil supplies to Minsk.

Russia used to supply about 1.5 million tonnes of oil (360,000 bpd) to Belarus each month, but flows have dwindled to a trickle since the start of the year.

Transneft did not disclose the volumes it plans to ship to Belarus this month.

Source: Reuters

Bulgaria

Bulgartransgaz

BOTAŞ and BULGARTRANSGAZ EAD intend to conclude an interconnection agreement for the Interconnection Point Strandzha/Malkoclar. BULGARTRANSGAZ EAD invite the network users to comment on the proposed text of:

- matching process rules;
- rules for the allocation of gas quantities;
- Operational Balancing Account;
- reports
- communication procedures in case of exceptional events.

BULGARTRANSGAZ EAD are submitting for public consultation the rules for the matching process and allocation of gas quantities, Operational Balancing Account, reports and the communication procedures in case of exceptional events as well as other Network User relevant provisions.

This consultation will run from 16.03.2020 until 16.04.2020.

The public consultation has the aim to collect the opinions from all potential network users regarding the transmission of natural gas through the IP Strandzha/Malkoclar.

The present Draft Interconnection Agreement envisages the physical flow of natural gas in both directions (from Bulgaria to Turkey and from Turkey to Bulgaria).

All responses should be submitted to BULGARTRANSGAZ EAD in English at: info@bulgartransgaz.bg.

Please indicate explicitly if the responses contain information which is confidential with regard to third parties.

BULGARTRANSGAZ EAD will notify BOTAS regarding the comments received during the consultation for evaluation and if necessary, adjustment of the draft Interconnection Agreement upon mutual consent.

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With a view of conducting a market study, hereby, Bulgartransgaz EAD requests all interested parties to express their future interest in natural gas capacity transmission in Bulgaria - Serbia direction through the cross-border point Kireevo/Zajecar for the period 01.01.2021 - 01.10.2021.

All interested parties shall notify Bulgartransgaz EAD by a letter in free text.

In case of market interest, Bulgartransgaz EAD will inform the market participants about the amount of additional capacity. And it will be offered for booking in line with ENTSOG Auction Calendar on the Capacity booking platform (RBP).

Source: Bulgartransgaz

Belene Nuclear Project

Bulgarian energy minister Temenuzhka Petkova said the deadline for submitting offers for becoming strategic investor in the project for construction of Belene nuclear power plant will likely be extended due to the coronavirus crisis.

All five companies which have announced that they intend to submit a binding offer still have interest in the project, Petkova told public radio BNR on Sunday.

Other large projects in the energy sector, such as the Balkan Stream natural gas pipeline and the Greece-Bulgaria natural gas interconnector, are progressing according to plan, Petkova added.

Last year, Bulgaria shortlisted five companies for the 2000-MW Belene project - China National Nuclear Corporation (CNNC), Korea Hydro & Nuclear Power, Russia's Atomenergoprom - a subsidiary of Rosatom, France's Framatome, and US-based General Electric. However, Framatome and General Electric had only proposed to supply equipment for the power plant, according to the ministry.

In June 2018, the parliament mandated energy minister Petkova to seek potential strategic investors willing to build a nuclear power plant in Belene - a project abandoned since 2012 which the government aims to revive.

The country plans to build Belene NPP on a market basis, as the state does not intend to sign long-term power purchase agreements with the investor or provide state guarantees. Bulgaria will participate in the project company via a non-monetary contribution - the reactors and other equipment plus the construction site and the respective licences.

In December 2016, following international arbitration, Bulgaria paid some 600 million euro ($642 million) in compensation to Russia's Atomstroyexport for the equipment already manufactured by the company for the project. The equipment is now stored at the site designated for the construction of the power plant.

Source: Seenews

China

Oil Import

China is buying a record 1.6 million tonnes of Russian oil for loading at sea over the next four weeks, taking advantage of rock bottom prices for Russia's flagship Urals grade combined with a collapse in demand in Europe, traders said on Wednesday.

The volumes make for a new monthly record of Urals supply to China after they surpassed 1.2 million tonnes in January.

They also provide a lifeline to Russian firms as they struggle to sell oil in Europe because the coronavirus has led to a deep fall in demand. At the same time, rival Saudi Arabia has pledged to flood customers with crude in a market share battle with Russia.

The deliveries could also indicate China is using the collapse in oil prices to fill its strategic reserves.

Analysts from Wood Mackenzie estimate China's strategic and commercial petroleum reserves could reach 1.15 billion barrels in 2020, equivalent to 83 days of oil demand, up from 900 million in 2019 and just 200 million barrels in 2014.

Three traders in the Urals market said China's Unipec purchased some 800,000 tonnes of Urals loading from Baltic ports in the second half of March and some 500,000 tonnes of Urals loading in early April.

The company will offload cargoes into supertankers or very large crude carries (VLCCs) at Denmark's Skaw ship-to-ship terminal and send them to China.

So far, it has lined up three VLCCs scheduled to reach China between mid-May and early June, traders said.

Shell also booked a VLCC to ship 300,000 tonnes of Urals to China for loading in the first half of April, two traders said.

Unipec's parent company Sinopec did not respond to a request for comment. Royal Dutch Shell said it does not comment on trading activity.

The sources, speaking on condition of anonymity, said several other Chinese refiners have also placed requests for Urals. They declined to name potential buyers because of confidentiality clauses.

Traders said Urals became attractive in Asia after European benchmark Brent fell to its widest discount yet to Dubai of more than $4.50 per barrel.

Urals is priced off Brent, while competing Middle Eastern grades in Asia tend to be priced off Dubai.

“It’s a great deal now even if you have to pay a lot for transport,” a trader in the European market said. Urals cargoes loading from Baltic ports are trading at a discount of $3.50-$4.00 per barrel to dated Brent.

“It is tough to sell Urals in Europe now... and China is a desirable destination,” a trader in the Urals market said.

Urals’ deliveries to China take up to two months and the long journey is economic when forward prices are higher than prompt prices, a market structure known as contango.

“If you have long delivery period, it’s easier to choose more profitable pricing,” a trader in the Urals market said.

Two traders also said demand for Urals among Chinese refiners was boosted by resilient diesel and fuel oil cracks, which have been hit less than gasoline and jet kerosene.

“Margins are not good, but diesel is more or less fine and is expected to recover towards the summer season,” a trader supplying to Chinese refiners said.

Source: Reuters

Croatia

Upstream Activities

Croatian oil and gas company INA said on Monday its signed three onshore oil and gas exploration and production sharing agreements, in line with a recent decision of the Croatian government.

The agreements grant exploration rights to INA for blocks DR-03, SZH-01 and DI14 for a period of three years with an option to extend it for another two years. In case of commercial discovery, further 20 years of petroleum exploitation period will follow, the company said in a brief statement filed with the Zagreb bourse.

It provided no further details.

The three blocks include the DI-14 block in the Dinarides, the Drava 2 exploration block in the Podravina area) and the Sjeverozapadna Hrvatska-01 block in northwestern Croatia in the Pannonian Basin.

The announcement follows a decision adopted by the government in Zagreb earlier this month, authorising the energy ministry to sign seven onshore oil and gas exploration and production sharing agreements with four companies, including the above three agreements with INA, two contracts with local wholesaler and retailer of petroleum products Crodux Derivati Dva, and contracts for one block each with Vermilion Zagreb Exploration, a unit of Canada-based Vermilion, and with Hungarian firm Aspect Croatia.

Source: Seenews

Cyprus

Upstream Activities

ExxonMobil's crucial drilling plans to confirm a large gas deposit south of Cyprus have been put on hold, with a local media report citing delays due to the coronavirus pandemic.

According to Philenews, verification drilling that was scheduled to take place in Block 10 of Cyprus' Exclusive Economic Zone has been pushed back to September 2021.

ExxonMobil reportedly wrote a letter last week informing the government of the Republic of Cyprus that scheduled drilling at two targets was being pushed back due to the coronavirus global outbreak and operational difficulties it has caused within the company.

Energy Minister Georgios Lakkotrypis was quoted as saying “the company has informed us regarding some delays over their planning, as these results are crucial in establishing whether natural gas deposit in the Republic of Cyprus' EEZ can be commercially viable.”

Last year, the minister said initial findings were a good basis to explore the prospect of building an LNG plant in Cyprus, while clarifying that greater quantities would still be needed.

Steve Greenlee, ExxonMobil's exploration company president, has said the initial results were encouraging in a “frontier exploration area” such as the eastern Mediterranean.

Last year, ExxonMobil announced that Glaucus-1, one of two targets in a program of two wells in block 10, was estimated to contain 5 to 8 trillion cubic feet of natural gas.

The drilling was conducted by ExxonMobil Exploration and Production Cyprus (Offshore) as well as the Qatar Petroleum International Upstream OPC partnership. No viable quantities of hydrocarbons were discovered in Delphyne-1 within the same block.

“The potential for this newly discovered resource to serve as an energy source for regional and global markets will be evaluated further," Greenlee added.

Three other exploration drillings were scheduled last year for 2020, including the Kronos target in block 6, after France's TOTAL and Italy's ENI joined forces in seven blocks, with Korea's KOGAS also taking part in some of them.

But reports suggested there was at least some delay as the drilling ship scheduled for the Total-Eni exploration this month was still in Lebanon, with logistical issues regarding transportation of staff and shipment of materials

Source: Kathimerini

Greece

Gas price

Gas utility DEPA, whose long-term pipeline gas supply agreements with Gazprom have developed into a heavy burden amid a changing market of sharply reduced gas prices, is seeking more favorable terms.

Talks between the two sides have commenced but Gazprom officials do not appear willing to reexamine details at any great depth, sourced informed.

DEPA's agreements with Gazprom, which include take-or-pay clauses, are no longer competitive. The Greek utility, on one of its unfavorable fronts, is pushing for a favorable revision to its take-or-pay clause concerning supply in 2019.

DEPA absorbed approximately 500 million cubic meters less than it had agreed last year, a shortage expected to cost about 100 million euros, based on the current supply terms agreed with Gazprom.

It is believed DEPA may escape with a smaller payment for 2019 and have leftover quantities transferred to future years.

Even so, the gas utility still faces a major problem for 2020. DEPA recently had its Gazprom supply contract for the year revised so that 40 percent of supply is indexed to the Dutch gas trading platform TTF, one of Europe's biggest hubs. The other 60 percent has remained oil-indexed.

DEPA's oil-indexed 60 percent of Gazprom supply for 2020 is far more expensive than LNG prices currently available in the market, meaning the gas utility will not be able to sell this proportion to customers.

Essentially, DEPA's ability to sell its Gazprom supply of gas in 2020 will be restricted to the TTF-indexed 40 percent proportion.

DEPA's first-quarter results are not impressive and the situation seems set to deteriorate as international LNG prices keep sliding amid the global financial impact of the coronavirus pandemic. It is feared DEPA's take-or-pay clause cost for 2020 will exceed the 500 million amount estimated for 2019.

Source: Energypress.gr

Gas Demand

A clearer market picture of the coronavirus pandemic's financial impact on Greece's gas market is expected to emerge around mid-April, when the lockdown of the economy will have clocked up one month.

The government has promised support measures for both the gas and electricity sectors. The energy ministry is working on establishing a support mechanism.

It is estimated the country's energy suppliers will require a working capital sum of around one billion euros, well over an initial estimate of 650 million euros, for liquidity protection if the lockdown stretches beyond June.

Source: Energypress.gr

Gas Supply

Earlier this month, on March 5, DEPA received a 230 million-euro retroactive sum from Botas after Stockholm's ICC (International Court of Arbitration) vindicated the Greek utility in its overcharging case against the Turkish energy company.

The dispute began when DEPA claimed the Turkish company was overcharging the Greek utility for its purchases of Azerbaijani natural gas delivered through Turkish pipelines since 2011.

DEPA will draw from this 230 million-euro sum to rebate its customers. The utility has completed the initiative's preparations and will start delivering payments next week, sources informed.

The biggest amount will go to customers who have supply contracts with DEPA, as they effectively took on the cost of a 180 million-euro amount paid by the utility to Botas as a result of an older unfavorable court decision against the Greek utility.

Some of DEPA's customers had challenged this demand and avoided making payments. As a result, DEPA will be left with a considerable sum once all rebates have been made.

These leftover amount will prove useful as DEPA has take-or-pay clause payments to make to Botas and Gazprom for 2019.

Source: Energypress.gr.

Gas-fired Power Plants

A significant drop in gas prices, especially LNG, as well as the availability of particularly lower wholesale electricity prices in neighboring countries have prompted major changes to the country's Day Ahead Schedule.

Electricity imports via interconnections with Bulgaria, Italy, North Macedonia and Turkey have risen to represent just under 30 percent of overall consumption.

Demand for an even greater level of imports during certain time periods has not been met as a result of infrastructure capacity limits.

Renewable energy generation, also making considerable contributions to the grid's needs, has, at times, exceeded 30 percent of total consumption.

Gas-fueled power stations operated by independent producers are now operating around the clock, not just during peak hours, as had previously been the case. Offers by these units are now very competitively priced.

Gas-fueled power stations are currently covering over 30 percent of total consumption and lowering wholesale prices.

On the contrary, power utility PPC's production is covering smaller amounts of daily electricity consumption. The utility's contribution, currently slightly over 10 percent, primarily stems from its lignite-fired power stations.

Source: Energy.gr

DEPA

An amendment permitting a prospective merger between DEPA International Projects – a new entity resulting from a split at gas utility DEPA – and EDEY, the Greek Hydrocarbon Management Company, is now being prepared at the energy ministry, energypress sources have informed.

A number of DEPA-related projects have been added to the DEPA International Projects portfolio, including the Greek-Italian IGI interconnection, EastMed and the Greek-Bulgarian IGB pipeline interconnection.

In addition, any future DEPA-related projects – directly or indirectly – concerning development, construction or management of interconnection infrastructure linking Greece with neighboring countries will also be added to the DEPA International Projects portfolio.

EDEY, the hydrocarbon project licensing authority in Greece, has assets of approximately 12.5 million euros. The company reported a post-tax profit of 4.3 million euros in 2019.

EDEY's range of activities will be broadened as a result of the company's merger with DEPA International Projects.

Special categorization for the new company that would exempt personnel remuneration packages and hiring policies from strict state monitoring is likely, sources noted.

The merger plan's legal details could be attached to an energy ministry draft bill on environmental matters that is expected to be submitted to parliament following the Greek Easter break.

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Energy-sector privatizations planned for launch in the second quarter, as well as sales already in progress, are being put on hold as a result of the coronavirus pandemic's impact on the global economy and the plans of the government and privatization fund TAIPED.

Two privatization procedures for gas utility DEPA's new entities, DEPA Trade and DEPA Infrastructure, both of which have drawn considerable interest, have also been put on hold.

Source: Energypress.gr

Kosovo

Coal-fired Power Generation

London-listed energy group ContourGlobal said on Tuesday it will not proceed with the construction of a 500 MW coal-fired power plant in Kosovo.

“We announce today that the Kosova e Re project cannot go forward," ContourGlobal president and CEO, Joseph Brandt, said in a statement published on the website of the London Stock Exchange.

Brandt explained that the political situation in Kosovo since July, the recent formation of a government led by a prime minister publicly opposed to the project and the government's inaction have made it impossible for the project to meet the required milestones by its project completion date of May 24, 2020.

“As we have stated in the past, Kosovo was to have been our last coal development project,” the CEO of ContourGlobal added. "We will not develop or acquire coal power plants in the future.”

In December 2017, Kosovo's government signed an agreement with ContourGlobal to launch the construction of Kosova e Re. The project was considered as Kosovo's largest energy project, aimed to replace the 40-year-old Kosovo A plant and seen as the only solution to the Kosovo's chronic air pollution and unreliable power supplies.

ContourGlobal is an international power-generation company with approximately 4,305 MW in operation in 18 countries and three continents. ContourGlobal operates a portfolio of 107 thermal and renewable power plants across Europe, Latin America, and Africa utilizing a wide range of technologies.

Source: Seenews

Montenegro

Energy Sector

Montenegro's government plans to introduce next month a package of economic measures to strengthen the energy sector and limit the country's dependence on tourism, president Milo Djukanovic said on Thursday.

The decisions that will be taken will be crucial for Montenegro's economic development over the next decade, as the country needs to take advantage of its energy sector potential, Djukanovic said in a video file posted on the website of public broadcaster RTCG.

"What we can say now is that the world will recover primarily through better use of the banking and energy sectors," Djukanovic said.

On Tuesday, the International Monetary Fund (IMF) said it expects Montenegro's economy to contract by 9.0% in 2020 after growing by 3.6% in 2019. In 2021, Montenegro's gross domestic product (GDP) is expected to grow by 6.5%, IMF said in the April edition of its World Economic Outlook report.

Source: Seenews

Poland

Gas Price

Poland's dominant gas firm PGNiG will take immediate steps to receive from its Russian gas supplier Gazprom the $1.5 billion it won in a pricing dispute case, PGNiG Chief Executive Jerzy Kwiecinski said on Tuesday.

An international arbitration court ruled that Russian gas giant Gazprom must pay PGNiG about $1.5 billion in a pricing dispute case. The arbitration tribunal in Stockholm also ruled that a gas pricing formula in PGNiG's long-term deal with Gazprom should be changed to take into account natural gas market quotations.

PGNiG buys from Gazprom most of the gas it resells, and it had often said it pays more than its western European peers.

"Please do not expect that the money will be transferred on our accounts tomorrow. This ruling shows that we were right and sets up a new pricing formula. It says nothing on how we are to reclaim the money. So we are starting this process immediately," Kwiecinski told a videoconference.

Gazprom Export said on Monday that it had received the Stockholm arbitration ruling and was analysing it.

Poland wants to reduce its reliance on gas from Russia and does not plan to extend its deal with Gazprom when it expires in 2022.

PGNiG has been buying more liquefied natural gas (LNG) via a terminal on the Baltic Sea to replace gas from Russia. Poland also plans to build a gas link to Norway, which would give it access to gas from the North Sea.

"Poland was a subject of (Gazprom's) blackmail, which emerged in breaks in supplies or reducing the amount of gas delivered to Poland. Poland was also a subject of blackmail when it comes to prices. Now, thanks to Poland's determination this blackmail turned out ineffective," Poland's Minister of State Assets Jacek Sasin told the same conference.

Russia must refund PGNiG overpayments for gas since November 2014, and it will receive a much lower price for its gas from now on.

Source: Reuters, Natural Gas World

Romania

Energy prices

A new military ordinance adopted by the Romanian authorities caps the tariffs for electricity and thermal energy, natural gas, water supply, sanitation and fuels.

This is the 4th military ordinance adopted in Romania since the president declared the state of emergency in the country amid the novel coronavirus pandemic.

Article 8 of the new ordinance stipulates that “during the state of emergency, prices for electricity and heat, natural gas, water supply, sanitation and fuels cannot be increased above the level practiced at the date of the issuance of this military ordinance, these can only be reduced according to supply and demand.”

The measure comes into force after the military ordinance is published in the Official Gazette and is valid during the state of emergency.

To ensure the production, transport and distribution of electricity and natural gas, the employers in this sector also have to take measures of preventive isolation for the essential personnel. This measure came into force on March 31.

According to analysts from energynomics.ro, there are some perverse effects.

One of those perverse effect of price capping is that operators in the regulated market will line up at the maximum level; this might lead to price increases over the levels that the market would have produced otherwise. First, because the companies will try to recover any perceived losses related to the period when the capped price was lower than the one they expected to receive from the market, and then because they will try to save financial resources for any future periods like that – thus, the economic actors will most likely align to the capped price.

Even worse, there is the scenario in which production / acquisition costs increase, but firms cannot recover their capital because of the capped price; the result is an undermining of the commercial interest to carry on the respective activity – this pathway directly leads to shortages, either by restricted domestic production, or by restricted imports, and/or because of some players (traders, suppliers, etc.) withdrawal from the market.

The only hope is that such measures will be of short duration!

Price capping appear as a direct result of the lack of trust that the governors have in companies and in their behavior. The capping are also driven by the lack of trust that the authorities have in the bodies that can check for abusive behavior, among which the National Authority for Consumer Protection and the Competition Council. The price capping was also discussed for the medical products market and for the food market. “Capping the shelf price – if we, the state, only impose a capping we create two negative effects, encouraging the black market and chasing away from the market the weakest producers. As a state, we have no right to make them vulnerable”, said Agriculture Minister Adrian Oros. In his turn, the president of the

Competition Council described the product requisitioning and the price capping as "most brutal means, which it is not to be taken easily": "If we see a 10-20% [price]increase, well, it is an exceptional period, there are disruptions of the production and logistics chains, so certain price increases may occur correctly during such a period. (…) But if we see very large increases, and we have such a situation with some products, with 100% increases, then we will have to come up with other means of intervention. Measures such as product requisitioning and price capping by the authorities are foreseen in emergency legislation."

Finally, the political contest – which is a competition of populism often – also factors in measures such as this price capping. Suspension of credit repayment, price capping for food and medicine, exemption from paying the rent, as well as regulating the technical unemployment under state of emergency or state of siege are foreseen in several bills initiated by PSD parliamentarians, writes www.profit.ro. PSD, ALDE and ProRomania have also submitted to the Parliament a draft law with a series of fiscal facilities, deferral and rescheduling of payments granted to companies and their employees. The project envisages measures already announced by the Government, such as the deferral of payment of social insurance contributions related to the income from salaries and the income assimilated to the salaries or the deferral of payments for utility services (water, energy, gas, waste collection, telephone and Internet services, TV cable).

Source: Actmedia

OMV Petrom

OMV Petrom implemented a series of measures to ensure the smooth running of activities and to protect the health of employees and customers, while supporting the efforts of the authorities and the population to combat the spread of COVID-19 virus.

Christina Verchere, CEO OMV Petrom: "We are dealing with an unprecedented global situation, which requires a swift and firm response from people, businesses and authorities. We have mobilized our teams and are working closely with the authorities to secure the energy the country needs, while ensuring the right measures for the health of our employees and customers."

To ensure the security of supply, we have activated our Business Continuity Plan which includes specific measures to ensure the running of our critical operations, taking into account the different stages of the coronavirus situation. A dedicated management team monitors the situation daily and is working intensively to contain the impact on operations and critical infrastructure. The activity in the areas of Upstream production, refinery and power plant was organized to ensure the continuity of the operations, while implementing the measures imposed by the authorities.

To protect our employees and customers, we implemented working from home for the employees who can perform their activities remotely, as well as flexible working hours. Online, video and electronic applications are used at a large scale for meetings and signing of documents electronically, thus ensuring, as much as possible, social distancing.

All the measures recommended by the authorities were implemented in our OMV and Petrom filling stations, from strict hygiene measures to prevention messages for customers and temporary suspension of gastro areas, with products available only to-go. The employees of the filling stations are equipped with disinfectants, disposable gloves and masks. In addition, the company has supplemented the deliveries of products in both filling station networks, to meet the needs of customers.

We have a proven track record of managing crises, as demonstrated by the manner in which we navigated through the 2008-2009 economic crisis and the low oil price environment in 2014-2016. Our integrated business model, with the Petrobrazi refinery on the oil value chain and the Brazi power plant on the gas value chain, is expected to support our financial results.

However, we recognize that this time we are facing an unprecedented difficult situation, with a severely depressed oil price environment accompanied by a weakening economic situation, which impose timely and appropriate measures to reduce the impact on our financial position. Consequently, we will intensify our efforts for CAPEX prioritization, portfolio optimization and cost reduction while maintaining our commitment to safety, to reduce our carbon footprint and to create long-term value to our stakeholders.

Source: Actmedia

Romgaz

Romgaz gave up the acquisition of 20% of Gastrade, according to a report presented to the Stock Exchange. Gastrade is the Greek developer of a planned floating LNG import facility at Alexandroupolis, in northern Greece.

Thus, according to the Decision of the Board of Directors of Romgaz regarding the acquisition of 20% of the company Gastrade S.A., it is specified that “according to the provisions of art. 234 par. 1 of Regulation A.S.F. no. 5/2018 on issuers of financial instruments and market operations, S.N.G.N. Romgaz S.A. informs the shareholders and investors that on 19.03.2020, the Board of Directors has decided that, in the current economic context, it does not consider the acquisition of 20% of Gastrade S.A. company appropriate.”

Previously, by the Decision of the Ordinary General Meeting of Shareholders no.7/ 26.09.2019, it was approved, in principle, the acquisition, by Romgaz S.A., of 20% of the shares issued by the company Gastrade S.A.

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“It is clear that prices on the gas market will continue to decline – we have had a warm winter, we have a coronavirus pandemic, we have reduced activity on the production units…”, said Adrian Volintiru, the CEO of Romgaz, in an online conference. “ At national strategic level, we focus on keeping the gas production running, at the levels needed in the market. We, at Romgaz, extract gas every day at full capacity – 14.7-15 million cubic meters.”

Adrian Volintiru said that Romgaz should use this period to prepare for future investments: due-diligence, market research, business plans, etc. “Fortunately, Romgaz has zero debt, it has the opportunity to access financing from both the domestic market and the international market," Volintiru said. It all depends on how the banks will emerge from this crisis and on what cost will financing have in the future. "When the time comes, we will be ready to make investment decisions."

The CEO of Romgaz expects that the company's main ongoing investment – the new Iernut unit – to be completed by the end of the year, " turnkey, with all the tests done". Talking about other priority investments, Adrian Volintiru mentioned a methanol plant, the Mintia power plant and smaller power plants in areas with high industrial consumption, but also the acquisition of a wind farm.

Source :Energynomics.ro

Russia

Legal and Regulatory Framework

Lifting of restrictions related to the coronavirus pandemic would likely lead to global oil demand returning to pre-crisis levels in autumn, Alexander Dyukov, head of Russia's oil firm Gazprom Neft, told Kommersant newspaper on Tuesday.

He also said the possibility of tax breaks for giant oil field Priobskoye in Siberia, which Gazprom Neft taps jointly with Russian energy champion Rosneft, was off the agenda for now due to low oil prices and demand.

Source: Reuters

Slovenia

Electricity Prices

Slovenian energy group GEN-I said it is cutting by 15% the prices at which it sells electricity to households and small businesses in the country to mitigate the impact of the ongoing coronavirus crisis.

The lower prices will be valid for the months of March, April and May, the company said in a statement on Wednesday.

"In such moments, we want to make our contribution to making the situation for the people at least a little bit easier," the head of GEN-I, Robert Golob, said in the statement.

"We hope our example will be followed by other companies which can afford this today, not only from the energy sector. Now is not the time for making profits and working in one's own interest, but for solidarity," Golob said.

GEN-I is a 50/50 joint venture company of Slovenian state-owned energy group GEN Energija and its affiliate investment firm GEN-EL Nalozbe.

The Slovenian government said earlier this week it is drafting a 2 billion euro ($2.2 billion) stimulus package with the aim of supporting local businesses and individuals to weather the crisis unleashed by the coronavirus diesease (Covid-19).

The coronavirus has already killed 5 people in Slovenia. The number of people infected has risen to 528 by midday on Wednesday.

Source: Seenews

Turkey

Gas Price

Plummeting oil prices are now projected to slash Turkey's natural gas import bill by over $3 billion.

Oil prices are forecast to remain below $50 a barrel by year-end as the coronavirus pandemic chips away demand for fuel and Saudi Arabia raised output to a record in a market-share war with Russia.

The scenario creates an optimistic picture for the energy import-dependent countries, while the same cannot be said for the exporting countries, which are projected to face serious revenue losses.

The plunge in oil prices started last week after Saudi Arabia and Russia reached an impasse in negotiations to extend supply curbs to support the market. The decrease usually reflects on natural gas prices after about six to nine months. The effect is expected to cut current account deficits of importing countries like Turkey, which meets almost all of its natural gas needs from abroad.

A large part of Turkey's long-term international gas contracts are oil-indexed, said Ali Arif Aktürk, a board member of Esgaz & İzmir Gaz.

Contracts being indexed to oil creates uncertainty in terms of price determination "because oil prices are an issue that we cannot control," Aktürk told Anadolu Agency (AA) on Tuesday.

Oil fell below $30 a barrel on Tuesday, trading close to its lowest in more than four years. Brent crude LCOc1 fell as much as 1.5% to $29.60 a barrel but was up 0.3% at $30.13 by 10:53 a.m. GMT, having earlier touched $31.25. On Monday it sank to $29.45, the lowest since January 2016.

"Oil has made new lows," said Tamas Varga of oil broker PVM. "There is simply nothing, neither a fundamental nor technical development, that implies that the rot we are experiencing will come to a halt any time soon."

U.S. West Texas Intermediate (WTI) crude CLc1 reversed most of an earlier 4.7% gain to stand at $29.12.

Pointing to the decline, Aktürk emphasized it would bring a 15% discount for the second quarter prices that will be effective as of April 1 but said it wasn't a discount made by anyone but rather a situation brought along by the formula.

"The drop in oil prices will decrease Turkey's gas import costs by up to 30% for third and fourth quarter. With oil prices following a course of below $50 until the end of the year, Turkey's natural gas imports will be reduced by about $3 billion to $3.5 billion," he added.

The dependence of liquefied natural gas (LNG) prices on oil has decreased, Aktürk noted, stressing that LNG prices would not drop more than 5% or 10%.

He recalled that Turkey’s long-term contracts, particularly with Russia, last until April next year. “So, we will wait for this date. Gazprom will want to sell its gas, but the new agreements to be made must involve more flexibility. Turkey should completely free its gas trade for competition in the market to increase. Instead of long-term contracts, arrangement of contracts that reflect today’s conditions should be provided,” Aktürk explained.

Source: Daily Sabah

Gas Trade

Turkey's Energy Exchange Istanbul (EXIST) trade volume in spot natural gas market hit Monday a record high for 2020, EXIST data showed on March 31.

Total trade on March 30 amounted to 21.59 million liras, marking a hefty 384 percent increase over the previous day.

On March 18 this year, the trade volume in the spot natural gas market hit another record high generating 21.37 million liras since the energy stock exchange was established on Sept. 1 in 2018.

On March 30's spot market, 1,000 cubic meters of natural gas cost 1,441 liras, while the total natural gas trade volume amounted to 14.97 million cubic meters.

Source: Hurriyet Daily News

Gas Transit

Over 1.32 billion cubic meters (bcm) of Russian gas was transferred to Europe from Turkey via the TurkStream natural gas pipeline during the first quarter of 2020, according to industry sources Friday.

Source: Daily Sabah

Energy Prices

Turkey’s energy regulator EPDK has announced new measures for natural gas and electricity bills for the next three months amid the coronavirus break.

Accordingly, for a period of three months the bills will be issued based on the average consumption with comparable period over the past two years in the areas which are under quarantine and where local authorities suspended consumption measurement as a precaution against the virus.

The consumers will also not be billed for their gas and electricity consumption in areas where the staff tasked with reading the meters will not be able to comply with social distancing rules, according to the new regulations.

In cases, when the natural gas and electricity consumption cannot be calculated based on retrospective estimate, consumers' declared consumption will be taken into account.

The bills, issued based on the new regulations, will be sent to consumers via mail, cargo, SMS or emails.

When regular meters reading practice is established after this three-month period, consumers' bills will be netted out based on their actual consumption.

Source: Hurriyet Daily News

Upstream Activities

Turkey's first drilling vessel, which was named after Istanbul's Ottoman conqueror Fatih Sultan Mehmet, is set to sail off to the Black Sea where drilling work has been suspended for a long time.

The vessel, which is being used by the Turkish Petroleum Corporation (TPAO) in drilling activities in both the Mediterranean and the Black Sea within the scope of the country's maritime rights, anchored early Thursday morning off the shores of Istanbul's Yenikapı.

Energy and Natural Resources Minister Fatih Dönmez announced in a statement he shared on social media that the new destination of the Fatih drilling ship will be the Black Sea after completing technical preparations in Istanbul, adding that they took all measures to protect their ship crew against COVID-19.

The 229-meter-long (751-foot) vessel which weighs 5,283 gross tons is capable of drilling to a maximum depth of 40,000 feet.

The vessel is set to temporarily anchor at Haydarpaşa harbor early Friday en route to the Black Sea via the Bosporus.

Treasury and Finance Minister Berat Albayrak said on his Twitter account on Thursday that the explorations signal the halt of foreign source- dependency on the energy sector, reducing the current deficit.

"We will continue our struggle to protect the rights of our nation and increase the wealth of our country with our three drilling and two seismic ships," he added.

Previously at the beginning of this year, Energy Deputy Minister Alparslan Bayraktar said the ministry is planning to start hydrocarbon exploration operations in the Black Sea in the second half of 2020 and considering to allocate the first drillship Fatih for the task.

He added that the country’s newly purchased drilling ship will also start operations in the second half of this year.

“We have prepared a medium-term exploration program that has planned our oil and gas exploration operations until 2023 and placed a special focus on explorations in the sea,” Bayraktar said.

Turkey’s third drilling ship was purchased from the U.K. earlier this year and can also be allocated for operations in the Black Sea, Dönmez also said at the time.

Turkey was reported to have bought the drillship on Feb. 9 for nearly $40 million (TL 270 million). "Sertao" is worth much more, but Port Talbot officials reportedly were in a hurry to sell it. The drillship, which has been docked idle and unsold for nearly two years at the port of the Welsh town, has an estimated market value of $120 million. The drillship was produced by Samsung in South Korea. It was used by Brazil's Petrobras between 2012 and 2015.

Source: Daily Sabah

Renewables

Turkey's clean energy generation received around TL 3.3 billion ($507 million) in incentive payments in February through the Renewable Energy Support Scheme (YEKDEM), according to Turkey's Energy Exchange Istanbul (EXIST) data released Thursday.

Renewable energy plants under the scheme are granted incentives depending on the type of renewable energy used.

The scheme, which started in 2011, supports wind and hydropower plants at a cost of $0.1 per kilowatt-hour (kWh), geothermal facilities at $0.11 kWh, and solar and biomass plants at $0.13 kWh. These figures can also vary slightly depending on the use of locally produced equipment in the plants.

In February, 817 facilities with a total installed capacity of 21,049 megawatts received financial backing under YEKDEM and produced 6.3 million megawatt-hours of electricity.

Turkey plans to end this renewable incentive scheme by 2020, and is working on a more updated and efficient replacement.

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Across 2019, Turkey added 687 megawatts (MW) of installed capacity to its wind power portfolio, generating a total of 8,056 MW from the renewable source, according to the Turkish Wind Energy Association's (TÜREB) report released on Wednesday.

According to the data, wind energy provided about 8 million Turkish homes with electricity last year.

According to TÜREB's report, more than 75% of wind farms are located in the Aegean and Marmara regions of Turkey. Some 12.3% of wind farms are located in the Mediterranean region. The remaining are located in different parts of the country.

The province of İzmir, along the coast of the Aegean Sea, saw the most installed wind capacity with 1,549 MW, while Balıkesir, farther north, ranked second with 1,363 MW, and nearby Manisa followed in third place with 689.9 MW.

Turkey currently operates a total of 198 wind energy power plants. The country has 25 wind farms under construction with a total of 1,309 MW, the report read.

According to Energy and Natural Resources Ministry, Turkey has a wind potential worth an estimated as 48,000 MW.

The country is gradually expanding its capacity, mainly in the Aegean and Marmara regions.

The country aims to add 10,000 MW of wind power capacity in the coming 10 years in line with government plans.

Source: Daily Sabah

Ukraine

Gas transits

The gas transmission system operator of Ukraine (GTSOU) in March 2020 ensured transportation of 4.6 billion cubic meters of natural gas to the EU and Moldova, which is 18% more than in the previous month, but 2.6 billion cubic meters or 36% less than in March 2019.

"In the first quarter of 2020 gas transit across the Ukrainian gas transmission system was 11.1 billion cubic meters, which is 53% less year-over-year," GTSOU said on Thursday.

According to the press release, Gazprom fully paid for all reserved capacities for the first quarter, taking into account 65 billion cubic meters of gas a year (178 million cubic meters a day).

Source: Interfax

Legal and Regulatory Framework

The Association of Gas Producers of Ukraine calls on the government to take a number of measures to support the industry during the global economic crisis caused by the coronavirus disease (COVID-19) spread.

The association said in a statement released on its Facebook page that there are a record decline in global oil and gas prices, including in the oil and gas industry of Ukraine, what creates, in particular, a high risk of decline in investments into oil and gas production, that in the future may cause its significant decrease.

In view of this threat, the association appealed to the president of Ukraine, the parliament and the government with number of proposals aimed at supporting the industry. The association considers it necessary to introduce incentive royalties of 6% and 12% (for wells over five kilometers deep and up to five kilometers deep respectively) for rehabilitated wells where gas and oil have not been mined for the last two years and which have been returned into the production process after workover.

By analogy with the incentive regime of taxation for natural gas production, the association requested to reduce the royalties for oil and gas condensate production to 6% and 12% for new and rehabilitated wells.

The association said about the need to develop a transparent methodology for identifying difficult and nonconventional oil and gas deposits, as well as introduce incentive standards for their mining.

The association also considers it advisable to extend the period of taxation of oil and gas production from new wells from five to ten years, as the government guaranteed.

The statement also contains the need for the appointment of the Head of the Ministry of Energy and Environmental Protection as soon as possible, what is essential for a constructive dialogue on the implementation the package of industry support measures.

Source: Inerfax

Pipelines and Supply Options

Alexandroupolis FSRU

A second-round market test offering capacity reservations for the prospective Alexandroupoli FSRU in northeastern Greece has drawn enough interest to ensure the project's sustainability ahead of a final business decision, energypress sources have informed.

Binding capacity reservations amounted to 2.6 bcm, secures the project's sustainability and paves the way for a finalized investment decision, energypress sources have informed

Greek gas utility DEPA and power utility PPC have reserved Alexandroupoli FSRU capacities for lengthy periods, the sources added.

Bulgaria's Bulgartransgaz and a Serbian company are also believed to have confirmed earlier requests for capacity reservations

Source: Energypress.gr

Companies

BP

BP has cut its 2020 spending plan by 25% and will reduce output from its U.S. shale oil and gas business.

Source: Reuters

MOL

MOL Group's wholly owned subsidiary MOL Norge AS and its joint venture partners have discovered oil and gas in an offshore field located about 200km west of Stavanger in the Norwegian part of the North Sea.

The exploration well in the 820S licence area was drilled to a maximum depth of 2,652 meters below sea level and oil and gas were found in a number of formations and were successfully tested for about 3,463 barrels of oil equivalent per day. The potential resources discovered in the main formation are between 12 and 71 million barrels of oil and gas equivalent.

The commerciality of the discovery will be determined later, following additional technical work.

MOL Norge AS with 40% working interest is the operator of the 820S license on behalf of partners Lundin Norway AS (40%), Wintershall Dea Norge AS (10%) and Pandion Energy AS (10%).

MOL Group entered Norway in 2015, through the acquisition of 100 percent ownership of Ithaca Petroleum Norge. The drilling program began in 2018, after the operator achieved readiness in record time without any setbacks in a highly regulated environment.

MOL Group's exploration portfolio in Norway is aimed at supporting delivery of organic reserve replacement for the Group.

Source: MOL

OMV

OMV has successfully priced the issue of senior bonds with a total volume of EUR 1.75 bn. The transaction consists of the following tranches:

- EUR 0.5 bn at a coupon of 1.500% due April 9, 2024
- EUR 0.5 bn at a coupon of 2.000% due April 9, 2028
- EUR 0.75 bn at a coupon of 2.375% due April 9, 2032

The proceeds from the issue of the notes shall be used in particular for the financing of the acquisition of an additional 39% stake in Borealis AG. The settlement date is April 9, 2020.

The notes are expected to be rated A3 by Moody’s and A- by Fitch.

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Reports about the new discovery emerged only days after OMV revealed its decision to postpone further drilling off New Zealand due to the current market situation and the coronavirus pandemic.

Environmental group Greenpeace earlier this week welcomed OMV’s decision to abandon its plans for the Maui-8 exploration well hoping that would mean the end of the company’s drilling plans and its exit from the country.

However, following the new discovery, it looks like OMV might stick around. According to a report by TVNZ, New Zealand’s television network, OMV confirmed a positive result for hydrocarbons – oil and natural gas – at its Toutouwai-1 exploration well. The well, located 50km off the Taranaki coast, was drilled using the COSL Prospector semi-submersible rig.

We have reached out to OMV seeking further details about its new discovery off New Zealand.

In an emailed statement, a spokesperson for OMV confirmed a positive result with the Toutouwai-1 exploration well in the Taranaki Basin. Drilling started in the Petroleum Exploration Permit (PEP) 60093 in early March 2020 and the target reservoir was successfully reached in April.

The spokesperson added that preliminary results are encouraging with several hydrocarbon charged layers encountered in the Cretaceous sandstones. OMV is now working with the Toutouwai Joint Venture partners, Mitsui E&P Australia and SapuraOMV, on what additional work is required to determine commercial viability.

Commenting on OMV’s discovery on Tuesday, the Petroleum Exploration and Production Association of New Zealand (PEPANZ) said it is “very exciting and promising news”.

“Reports of the demise of our sector have been greatly and prematurely exaggerated,” said PEPANZ Chief Executive, John Carnegie.

“This is good news at a time when New Zealand’s economy really needs it. There is still plenty of work to be done before any development is confirmed, but the potential benefits to Taranaki and all New Zealand are substantial“.

Carnegie further added: “We haven’t had a commercial discovery since 2006. If we don’t develop our own energy then we are at the mercy of overseas producers and could end up importing LNG. We think it’s much better to produce our own energy here in New Zealand instead.

“The energy provided by natural gas and oil still has a very important role to play as we transition to a lower emissions world”.

Sources: OMV, Offshore Energy Today

Rosneft

The Russian state has cut its holding in oil giant Rosneft to below a majority stake as part of its deal to buy the group’s Venezuelan assets, announced over the weekend, a source familiar with the details told Reuters.

That will limit the risk of new U.S. sanctions on Rosneft, which pumps 4.7 million barrels of oil a day, at a time when the United States and Saudi Arabia are considering joint cuts to oil supply and will not want Moscow ramping up output, analysts say.

Rosneft, Russia’s largest oil producer, said on Saturday it had sold all its assets in Venezuela to an unnamed company owned by the Russian government.

The group said it would receive in return payment worth 9.6% of Rosneft’s equity capital, which would be held by a subsidiary. It did not say who the seller of that stake was.

Before the deal, Russia, via state holding company Rosneftegaz, owned slightly more than 50% of Kremlin-controlled Rosneft’s capital.

The source said Rosneftegaz had reduced its stake in Rosneft by 9.6% as part of the Venezuela deal, passing the stake to Rosneft as payment for its Venezuela assets.

“This means that on paper, the state does not have control (over Rosneft) anymore,” the source said.

Other Rosneft shareholders include BP, which has a 19.75% stake, and the Qatar Investment Authority (QIA), via QH Oil Investments LLC, which owns another 18.93%.

BP did not reply to a Reuters request for a comment, while QIA declined to comment.

Rosneft did not immediately reply to a Reuters request for comment. A spokesman for the Russian government declined to comment.

Neither the government nor Rosneft has said which state entity bought the Venezuelan assets. The divestment of its interests in Venezuela may shield the oil company from future sanctions risks.

Washington has long criticized Rosneft for working in the South American country and trading its barrels.

This year, U.S. sanctions were put on two Swiss-based Rosneft units - Rosneft Trading and TNK Trading International - that Washington said had provided Venezuelan President Nicolas Maduro and his state energy company PDVSA with a lifeline.

"The deal with the Venezuelan assets shows that the Kremlin was considering a risk of sanctions on Rosneft as high," Kirill Tremasov, head of investment research at Loko-Invest bank, said on social media.

"(Fresh) sanctions on Rosneft would quite logically fit into the new oil market construction when the United States and Saudi Arabia are talking about jointly cutting production and don't need Russia to fill Saudi's place in the market."

The State Department did not address a Reuters question on whether Rosneft was believed to have acted to avoid further sanctions on its units or the United States' targeting of the main company.

The Kremlin spokesman Dmitry Peskov declined to comment.

The U.S. Treasury Department has said it will "consider lifting sanctions for those who take concrete, meaningful, and verifiable actions to support democratic order in Venezuela".

"Now it is our right to expect the fulfilment of the promises that were made publicly by American regulators," Rosneft said on Saturday.

Source: Reuters

Total

Total has revealed that it is selling several "non-core" assets worth more than $400 million.

The assets comprise Total's wholly owned subsidiary, Total E&P Deep Offshore Borneo BV, which holds an 86.95 percent interest in Block CA1, and Total's marketing and services (M&S) businesses in Liberia and Sierra Leone.

Total's wholly owned subsidiary in Brunei is being sold to Shell and its M&S businesses in Liberia and Sierra Leone are being sold to Conex Oil & Gas Holdings Limited.

"These sales will contribute to Total's ongoing divestment program and demonstrate our ability to relentlessly high grade our portfolio," Jean-Pierre Sbraire, Total's chief financial officer, said in a company statement.

"In the current context of low oil prices, these transactions support the action plan announced to weather the crisis," he added.

Last month, Patrick Pouyanne, the chairman and chief executive officer of Total, announced an action plan which included organic capital expenditure cuts of more than $3 billion. The plan also included $800 million of savings on operating costs this year and a suspension of the company's buyback program.

"The challenges we are facing are important but in conclusion I have faith, I have faith in you all, in all the teams," Pouyanne said in a video message to his workforce on March 23.

“We survived the storm of 2015, we will survive the storm of 2020 thanks to your work and also to our group values, one of which is especially dear to me, namely, stand together. Standing together we will fight this coronavirus crisis, standing together we will handle this oil price crisis and standing together we will build together the Total of tomorrow,” he added.

Total, which describes itself as a “major energy player”, has 100,000 employees and is active in more than 130 countries, according to its website.

Source: Rigzone

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