Balkan and Black Sea Petroleum Association

15th of December 2019 – 15th of January 2020

BBSPA Monthly Bulletin

Summary

Oil and Gas Prices

Spot Prices: Between 15th December 2019 and 15th January 2020 US WTI average spot crude oil price was $60/bbl. Henry Hub spot gas gas price fluctuated around $2.11/mmBtu (8.14 €/1000 cbm).

I*n Europe*, at Central European Gas Hub, the average day ahead gas price was around €12.5/Mwh ($157/1000 cbm, ECB average exchange rate, 11.2 Mwh per 1000 cbm).

The Bulgarian energy regulator approved the Q1 2020 gas price at the entrance of the system at 44.04 BGN/Mwh (22.52 EUR/Mwh), or 2% lower than in the previous quarter. Bulgarian Gas Exchange stated that since the beginning of the gas exchange functioning, eight deals have been concluded at a gas price well below the regulated price. 14 users of the gas exchange have registered at the gas exchange. For the day ahead market the price quotations for January 2020 were 40.5 BGN/Mwh (20.7 EUR/Mwh) and for the intra-day market - between 40.26 and 40.86 BGN/Mwh (20.58 – 20.89 EUR/Mwh).

Romania: The average gas price at the Romanian Commodity Exchange (BRM) for December 2019 was 103.57 RON/Mwh (21.7 EUR/Mwh, average exchange rate of BNR)

Turkey: The daily gas reference price at the Istanbul Energy Exchange for the period 15 December 15 January was 1451 TRY per 1000 cbm (20.9 EUR/Mwh, ECB average exchange rate, 10.5 Mwh per 1000 cbm)

Ukraine: The average daily gas price on the western border of Ukraine quoted on the Ukrainian Energy Exchange for the period 15 December 15 January was 3698 UAH/1000 cbm (14.7 EUR/Mwh, average exchange rate of NBU, 10.57 Mwh per 1000 cbm, without VAT)

Belarus: The Russian president stated that Belarus was paying $127 per 1,000 cubic meters of gas, the lowest among those countries to which Moscow exports and much lower than the around $200 per 1,000 cubic meter average price for Europe. Belarus was asking for further reduction, but Russian president said that this could happen after Russia-Belarus union state will be created. According to the Russian president, the work on the union was only 10% done.

Capacity Bookings at RBP

Monthly capacities bookings for January and February 2020 were made on Bulgarian borders in South-North direction – opposite to the flow of Russian gas before TurkStream was launched. Capacities were booked from Greece towards Bulgaria, from Bulgaria towards Romania at Russe and from Bulgaria to Romania (169 GWh/d for January but only 1.3 GWh/d for February) at Negru Voda 1 – the pipeline which used to supply Russian gas to Bulgaria in opposite direction.

Quarterly bookings made in 2019 for 2020 and monthly bookings for January and February 2020 indicate auction premium on the borders towards Bulgaria and Romania showing that the market will expect continuation of higher gas prices in Bulgaria and Romania and lower hub prices in Austria and LNG prices in Greece.

Oil Supply and Transit

Belarus: Russia and Belarus agreed on a new contract for crude oil supply starting from 1 January without a price premium.

Belarus introduced a tax on oil transportation and transit across the country.

Gas Production, Supply, Transit, Demand and Trade

Armenia: Gazprom Export and Gazprom Armenia signed an additional agreement to the contract for Russian gas supplies to Armenia, according to which the price of natural gas at the border between Georgia and Armenia will not change. The previous agreement expired in 2019 and the current will expire by the end of 2020.

Israeli government approved a proposal to build two gas-fired power units, which will eliminate coal usage by 2025.

Israel began exporting natural gas to Egypt. Dolphinus Holdings will purchase 85 bcm of gas, worth an estimated $19.5 billion, from Israel's Leviathan and Tamar offshore fields over 15 years. Some of the gas is expected to be re-exported to Europe after Damietta LNG terminal will re-start working. Egypt will start importing gas from Israel by mid-January 2020.

Turkey: Gas flow into Turkey in 2019 decreased by 6.3 Bcm to 46.8 compared with the previous year.

Bulgarian gas exchange (Balkan Gas Hub) started functioning with first auctions held under the gas release programme, which obliges Bulgargaz to sell 2220 GWh (211 mcm) in 2020, with quantities to be increased to 11099 GWh (1057 mcm) until 2024. The gas exchange also launched new trade segments on the gas exchange to start on 2 January for short-term trade (day-ahead trade, intraday trade, balancing of daily capacities on the transmission network). Until January 2025 all deals for up to one year should be made at the gas exchange and gas producers should sell at least 15% of the produced gas on the gas exchange. After that date, only the deals under standardised short-term products will have to be made on the gas exchange.

Ukraine: Russia and Ukraine announced terms of a new gas transit deal under which Russia will supply Europe for at least another five years and pay a $2.9 billion settlement to Kiev to end a legal dispute. 65 bcm would be shipped in 2020, falling to 40 bcm in 2021 and in each of the subsequent years. Ukraine is expected to withdraw all outstanding claims.

Ukraine's new five-year gas deal with Russia includes an option to extend it by further 10 years.

The National Commission of Ukraine for Energy, Housing and Utilities Services Regulation has made the final decision on certification of Gas Transmission System Operator of Ukraine LLC (TSO of Ukraine).

The Ukrainian and Romanian national gas pipeline operators have signed an interconnection agreement to allow gas supplies from Turkey and southern Europe to Ukraine and Moldova.

Naftogaz Ukrainy is not holding talks with Gazprom on direct purchase of natural gas relying on gas storage for the first two months of 2020. At the same time, it will import 1 Bcm from Slovakia as contracted with large European traders.

The National Commission of Ukraine for Energy, Housing and Utilities Services Regulation (NCER) approved the tariffs of GTSOU for gas transmission services for entry and exit points of the pipeline network for 2020-2024. For entry points from the countries of Western Europe, the tariff will be $4.45 per 1,000 cubic meters a day and from the Russian Federation it will be $16.01 per 1,000 cubic meters a day. For exit points to the countries of Western Europe the tariff will be: towards Poland $9.04 per 1,000 cubic meters a day, Slovakia –$9.68 per 1,000 cubic meters a day, Hungary – to $9.25 per 1,000 cubic meters a day, the Turkish direction (Orlivka/Isaccea) –$1.13 per 1,000 cubic meters a day.

The new Ukrainian gas transport operator has signed agreements with all interconnection operators from Poland, Hungary, Romania, Moldova, Slovakia and Russia.

Gas Transmission System Operator of Ukraine (GTSOU), which replaced Ukrtransgaz as the operator of the Ukrainian gas transmission system on January 1, 2020, has reported continuation of Russian gas transit under the new agreement reached between Russia's Gazprom and NJSC Naftogaz Ukrainy.

Moldova will continue to receive Russian natural gas via Ukraine after Ukraine and Gazprom agreed on the transit through Ukraine. Gazprom and Moldovagaz signed to extend the existing contracts for gas supplies and transit.

Belarus: Gazprom and Gazprom Transgaz Belarus signed additional agreements to extend the contracts for gas supplies to and gas transportation across Belarus until 2021. The contractual supply and transit volumes in 2020 will remain at the level of 2019.

Electricity Production & Consumption

Greece said it is ready to start talks about Just Transition Fund and to be first to put forward their demands regarding the Just Transition Mechanism. It said that will shut down the lignite plants in Northern Greece, which are old and have outdated technology that is not economically viable. Greece submitted a revised version of its National Plan for Energy and the Climate to the European Commission, which envisages withdrawal timeline of lignite-powered units.

Bulgaria has decided to invite five companies to submit binding offers in the process of selection of a strategic investor in its 2,000 MW Belene nuclear power plant project, including China National Nuclear Corporation (CNNC), Korea Hydro & Nuclear Power, Russia's Atomenergoprom, a subsidiary of Rosatom, Framatome and General Electric. Framatome and General Electric have proposed to supply equipment for the project and arrange financing.

Romanian state-owned coal and power complex CE Oltenia applied for a EUR 230 million emergency loan from the Finance Ministry to be used for paying gas emissions and investing in wind farms and in replacing coal with gas.

Decarbonisation

EU: European carmakers association ACEA stated that a dense EU-wide network of electric cars charging points must be urgently deployed, if being serious about decarbonisation and changing the mind-set.

EC proposed a carbon border tax, which is believed to be a better and cheaper option than the climate-energy levy.

Upstream

Azerbaijan: BP started drilling the first well in the Shafag-Asiman block offshore Azerbaijan. The block was quoted to have a potential for a large scale gas discovery. The well will be drilled to the depth of 7000 m at water depth of 800 m.

Lebanon postponed the deadline to submit bids in a second licensing round for offshore energy exploration to April 30 from Jan. 31 to provide more time for international companies.

Egypt: Exxon Mobil acquired more than 1.7 million acres for exploration offshore Egypt.

Bulgaria: OMV Petrom has signed a contract to acquire OMV's stake in the Han Asparuh exploration licence in Bulgaria. OMV Group owns a 51.01% stake in OMV Petrom The acquisition is considered as a natural addition, taking into account Petrom's portfolio in the Black Sea.

Albania: Eni S.p.A. signed a production-sharing contract to explore the onshore 587 sq km Dumre Block in Albania. The contract grants Eni a 100% equity interest following a competitive bidding round with a commitment to drill an exploratory well.

Montenegro has extended Energean Oil & Gas's licence by a year to explore two blocks as the company required more time. The 30 years license has a research phase consisting of one three-year and one four-year periods.

Pipelines Projects and Supply Options

EastMed: Cyprus, Greece and Israel signed an agreement for the construction of the Eastern Mediterranean pipeline for 9-12 Bcm/y supply to Italy and other South Eastern countries. Energean and DEPA signed a Letter of Intent for the sale of 2 Bcm/y to be supplied through EastMed. Gas will come from Energean's Karish & Tanin fields.

TurkStream in Turkey was reported to have been connected to the gas transmission system of Bulgaria with first quantities of gas to start flowing from 1 Janaury.

Bulgartransgaz announced that as of 1st of January 2020 the gas supplies of Russian gas to Bulgaria are made through Turkey and TurkStream. The supplies to Greece and N. Macedonia as well are made through TurkStream, while the flows through Trans-Balkan pipeline were stopped. There is no flow of gas from Romania to Bulgaria or from Bulgaria to Romania, though there is a possibility provided by the TSO operators the gas to flow in the so-called Vertical Gas Corridor from Greece (respectively Revithoutsa LNG terminal) to Ukraine through Bulgaria and Romania. The reserved monthly capacities on the Bulgarian-Romania border of 169 GWh/d towards Romania remain not utilized for the time being. Some quantities entering Bulgaria trough TurkStream have returned to Turkey through the old pipeline used previously to supply Turkey through the Trans-Balkan pipeline.

TurkStream started supplies not only to Bulgaria, but also to Greece and N. Macedonia. Gas stopped flowing through Trans-Balkan gas pipeline, which is reversible and could be used for shipments to Romania, Moldova and Ukraine, if needed.

Ukraine will lose $450 million in annual revenue because of the launch of the TurkStream gas pipeline. Gas through Ukraine in the Balkan direction from January 1, 2020 is transited only for the needs of Romania and Moldova. Ukraine is looking for new opportunities of using the existing infrastructure for gas supplies to Ukraine from Bulgaria, Turkey and Greece for up to 15.8 million cubic meters per day.

The U.S. sanctions against TurkStream were quoted to refer to eventual additional lines to the existing two lines.

The presidents of Turkey and Russia formally launched the TurkStream pipeline.

Serbia has completed the laying of its stretch of the TurkStream gas pipeline.

Alexandroupois FSRU: Bulgartransgaz signed a preliminary contract for the purchase of 20% of Gastrade S.A, the project company, which will implement the FSRU near Alexandroupolis in Greece.

Gastrade announced the launch of the second binding stage of the market test for the Alexandroupolis LNG terminal with a deadline for submitting offers for capacity reservations February 24.

Nord Stream 2: Allseas has suspended pipe-laying works on the Nord Stream 2 gas pipeline citing the sanctions from the U.S. National Defence Authorization Act introduced on December 20. The law envisages blocking of U.S. visas and properties for companies providing vessels engaged in pipe-laying the Nord Stream 2, the TurkStream pipeline project, or any project that is a successor to either of the projects. The pipeline projects are considered as political tools for Russia to deepen dependence rather than strengthen the security of Europe. Russian prime minister said U.S. sanctions would not be "catastrophic" and a couple more months will be needed to finish the pipeline. Around 160 km of the gas pipeline, remains to be laid. Russian PM ordered the government to draw up countermeasures to U.S. sanctions. Germany rejected the sanctions as an interference in the internal affairs of Germany and Europe and their sovereignty.

The U.S. sanctions against Nord Stream-2 were commented to have caused a delay in the implementation of the project and helped signing the transit agreements between Gazprom and Ukraine.

Russian President said he hoped the Nord Stream 2 gas pipeline would be completed by the end of the year or in the first quarter of 2021, after sanctions imposed by the United States delayed construction.

LNG: Aygaz has exported LNG via land to Bulgaria from Turkey.

Companies

CEZ: Hidroelectrica has hired Ernst&Young to advise it in placing a bid for assets put up for sale by CEZ.

DEPA has approved the acquisition of a 20% stake in Gastrade, the developer of the FSRU project in Alexandroupolis, subject of approval of competition committee and FID expected for the third quarter of 2020 and expected start operation in September 2022.

Exxon Mobil confirmed it is weighing an exit from the Neptune Deep project and has begun providing information to potential buyers. No buyer has been quoted to be identified and no agreements reached with outside groups. Romgaz, OMV Petrom and LUKoil were quoted to be interested in the eventual sale.

INA has signed a 444 million euro contract with Italian company KT - Kinetics Technology (KT) for works on its Rijeka refinery revamp project, which will enable increasing white products production. The other refinery of INA in Sisak will focus on bitumen production and as a logistic centre.

NIS: Serbian NIS plans to invest $355.2 million mainly in exploration and production, but also in upgrading Pancevo refinery and a 200 MW gas fired power plant.

OMV Petrom agreed to transfer 40 marginal onshore oil and gas fields in Southern Romania to Dacian Petroleum representing 1% of OMV Petrom's production.

Contents

EU

Decarbonisation

Europe needs a fifteen-fold increase in electric vehicle public charging points by 2030 to support the EU's goal of becoming "climate neutral" by mid-century, according to new research published.

Some 3 million public charging points will have to be available by 2030 in order to sustain the rise in electric vehicles needed for Europe's long-term climate objectives, according to a new report by green campaign group Transport & Environment (T&E).

Assuming 44 million electric vehicles are on European roads by 2030 that means a fifteen-fold increase on the 185,000 public chargers currently available in the EU, the research found.

This is slightly more than what Brussels has in mind.

Electric mobility in Europe was given a shot in the arm with the presentation of the European Green Deal last December. Under the Commission's new environmental pact, Brussels will tighten CO2 emission limits on cars and vans in order "to ensure a clear pathway from 2025 towards zero-emission mobility".

Automakers say this gives them no choice but to go for a full electrification of the car fleet.

"A dense EU-wide network of charging points and re-fuelling stations must urgently be deployed," said a spokesperson for ACEA, the European Automobile Manufacturers Association.

"This is one of the most important enabling conditions for achieving carbon neutrality," the spokesperson told EURACTIV, saying "everyone must have the option to recharge or re-fuel their vehicle easily, no matter where they live or where they want to travel to".

In November last year, German automakers met with top government representatives and agreed to roll out 1 million charging points for electric vehicles across the country by 2030.

This is more than what Brussels had been hoping for.

'No way around electrification,' BMW says

Consumers are increasingly turning to electric vehicles – and they're liking it, said BMW's chief lobbyist in Europe, calling on policymakers to accelerate charging infrastructure deployment to support the roll-out of electric mobility on a mass scale.

Carmakers agree that stronger EU rules must be introduced, including "mandatory targets for charging points and re-fuelling stations at the national level with clear enforcement measures," the ACEA spokesperson said.

"As we accelerate the roll out of public charging points, we must also channel more funds for the reinforcement of distribution grids," said Kristian Ruby, secretary general of Eurelectric, the EU power industry association.

Last year, Eurelectric, ACEA and T&E joined efforts on e-mobility by signing a joint call to action for the accelerated deployment of electric vehicle charging points across Europe.

"It's probably an indication of the direction we're taking as an automotive industry, the direction we all need to take if we are serious about decarbonisation," said ACEA secretary-general Erik Jonnaert. "It's a changed mindset".

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Carbon Border Tax

EU Commission President Ursula von der Leyen's call for a carbon border tax last December has serious advantages over the carbon tax applied to energy in France. And according to the main conclusion of a study carried out by the French Economic Observatory (OFCE) on its potential consequences, the Commission's proposal would be three times cheaper and much fairer than the French proposal.

It would involve taxing imports coming into Europe at the level of the European carbon market, which currently stands at around €25 per tonne. This would raise the price of many goods manufactured in China, such as metals, household appliances, vehicles and glass.

In France, the average household's carbon footprint is 24.5 tonnes per year, 37% of which comes from goods imported from outside the EU, which are currently not subject to a carbon price.

If a French company imports steel made in Germany, the German steelmaker will already have paid a carbon price through the European carbon market. Chinese steel, on the other hand, will be cheaper because China doesn't apply a carbon levy on its industry. But once a carbon adjustment mechanism is implemented at the EU's external borders, Chinese steelmakers will have to pay a price based on their product's carbon footprint when entering the European market.

In total, the OFCE estimates that France could make €3 billion in revenue from this new tax. It would also cost taxpayers three times less than President Emmanuel Macron's previously proposed climate-energy levy. And, although energy consumption is not very price-elastic, a change in the price of products imported from outside the EU could lead to goods being substituted, without affecting the wallets of consumers too much.

"The ability of households to change their consumption patterns would be greater; and if the purpose of the tax is to change consumer behaviour, the effects will be greater than on energy", said Paul Maillet, an OFCE researcher and co-author of the study.

The tax would not result in a significant tax shock, the study adds. It would represent €87 per household, compared to €176 for the French carbon tax.

It remains to be seen whether the carbon border tax will see the light of day, as it would represent a real leap into the unknown.

“Many people talk about it, but nobody has ever seen it in action!” said Paul Malliet, who believes that for the time being the carbon is mainly a diplomatic tool to motivate EU partners to put a price on carbon.

Source: Euractiv

Capacity Bookings at RBP

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Monthly Capacity Reservation at RBP: Firm and Bundled Capacities

Network Point / Route	Period*	Exit TSO Name	Entry TSO Name	Capacity Offered , MWh/d	Capacity Allocated, MWh/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	
Csanádpalota (HU) / Csanadpalota (RO)	2019/2020 FEB	FGSZ Zrt.	SNTGN Transgaz SA	0.1	0.1	1.03	
Drávaszerdahely (HU) / Dravaszerdahely (CR)	2019/2020 JAN	FGSZ Zrt.	Plinacro d.o.o.	28.9	0.9	1.62	
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 JAN	DESFA S.A.	Bulgartransgaz EAD	64.7	13.7	4.14	
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 JAN	Bulgartransgaz EAD	SNTGN Transgaz SA	169	169	3.45	0.34
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 JAN	Bulgartransgaz EAD	SNTGN Transgaz SA	18.5	18.5	4.48	
Ruse (BG)/Giurgiu(RO)	2019/2020 FEB	SNTGN Transgaz SA	Bulgartransgaz EAD	20.9	0.1	3.48	

* Periods refer to the gas year starting from 1 October

Quarterly Capacity Reservation at RBP: Firm and Bundled Capacities

Network Point / Route	Period*	Exit TSO Name	Entry TSO Name	Capacity Offered , MWh/d	Capacity Allocated, MWh/d	Reservation Price, €/MWh	Auction Premium, €/MWh
Balassagyarmat (HU) / Velké Zlievce (SK)	2019/2020 Q1	eustream, a.s.	Magyar Gáz Tranzit Zrt	45.12	2.06	1.14	
Balassagyarmat (HU) / Velké Zlievce (SK)	2019/2020 Q2	eustream, a.s.	Magyar Gáz Tranzit Zrt	45.12	11.62	1.16	
Balassagyarmat (HU) / Velké Zlievce (SK)	2019/2020 Q3	eustream, a.s.	Magyar Gáz Tranzit Zrt	45.12	10.56	1.16	
Balassagyarmat (HU) / Velké Zlievce (SK)	2019/2020 Q4	eustream, a.s.	Magyar Gáz Tranzit Zrt	45.12	4.56	1.15	
Mosonmagyarovar (AT) / Mosonmagyaróvár (HU)	2019/2020 Q1	GAS CONNECT AUSTRIA GmbH	FGSZ Zrt.	15.32	6.33	1.98	1.23
Mosonmagyarovar (AT) / Mosonmagyaróvár (HU)	2019/2020 Q2	GAS CONNECT AUSTRIA GmbH	FGSZ Zrt.	15.32	15.32	2.59	1.70
Mosonmagyarovar (AT) / Mosonmagyaróvár (HU)	2019/2020 Q3	GAS CONNECT AUSTRIA GmbH	FGSZ Zrt.	15.32	15.32	0.76	0.50
Mosonmagyarovar (AT) / Mosonmagyaróvár (HU)	2019/2020 Q4	GAS CONNECT AUSTRIA GmbH	FGSZ Zrt.	15.32	15.32	0.75	0.50
Csanádpalota (HU) / Csanadpalota (RO)	2019/2020 Q1	FGSZ Zrt.	SNTGN Transgaz SA	5.18	5.14	5.25	4.18
Csanádpalota (HU) / Csanadpalota (RO)	2019/2020 Q2	FGSZ Zrt.	SNTGN Transgaz SA	5.18	5.16	4.77	3.45
Csanádpalota (HU) / Csanadpalota (RO)	2019/2020 Q3	FGSZ Zrt.	SNTGN Transgaz SA	25.84	25.73	1.86	1.46
Csanádpalota (HU) / Csanadpalota (RO)	2019/2020 Q4	FGSZ Zrt.	SNTGN Transgaz SA	5.18	5.16	2.15	1.79
Drávaszerdahely (HU) / Dravaszerdahely (CR)	2019/2020 Q1	FGSZ Zrt.	SNTGN Transgaz SA	12.93	12.91	1.80	1.66
Drávaszerdahely (HU) / Dravaszerdahely (CR)	2019/2020 Q1	FGSZ Zrt.	SNTGN Transgaz SA	5.18	5.16	2.31	1.93
Drávaszerdahely (HU) / Dravaszerdahely (CR)	2019/2020 Q2	FGSZ Zrt.	SNTGN Transgaz SA	12.94	12.72	1.86	1.74
Csanádpalota (HU) / Csanadpalota (RO)	2019/2020 Q2	FGSZ Zrt.	Plinacro d.o.o.	38.05	0.77	1.40	
Csanádpalota (HU) / Csanadpalota (RO)	2019/2020 Q3	FGSZ Zrt.	Plinacro d.o.o.	38.05	1.20	1.40	
Csanádpalota (HU) / Csanadpalota (RO)	2019/2020 Q4	FGSZ Zrt.	Plinacro d.o.o.	38.05	1.06	1.38	
Kulata (BG)/Sidirokastron (GR)	2019/2020 Q1	Bulgartransgaz EAD	DESFA S.A.	8.46	8.46	1.56	
Kulata (BG)/Sidirokastron (GR)	2019/2020 Q2	Bulgartransgaz EAD	DESFA S.A.	8.46	8.46	1.96	
Kulata (BG)/Sidirokastron (GR)	2019/2020 Q3	Bulgartransgaz EAD	DESFA S.A.	8.46	8.46	1.53	
Kulata (BG)/Sidirokastron (GR)	2019/2020 Q4	Bulgartransgaz EAD	DESFA S.A.	8.46	8.46	1.53	
Kulata (BG)/Sidirokastron (GR)	2019/2020 Q2	DESFA S.A.	Bulgartransgaz EAD	46.54	1.34	1.69	
Kulata (BG)/Sidirokastron (GR)	2019/2020 Q3	DESFA S.A.	Bulgartransgaz EAD	46.54	0.34	1.39	
Kulata (BG)/Sidirokastron (GR)	2019/2020 Q4	DESFA S.A.	Bulgartransgaz EAD	46.54	0.34	1.41	
Ruse (BG)/Giurgiu(RO)	2019/2020 Q1	Bulgartransgaz EAD	SNTGN Transgaz SA	0.79	0.79	2.01	0.59
Ruse (BG)/Giurgiu(RO)	2019/2020 Q2	Bulgartransgaz EAD	SNTGN Transgaz SA	0.79	0.79	2.42	0.82
Ruse (BG)/Giurgiu(RO)	2019/2020 Q3	Bulgartransgaz EAD	SNTGN Transgaz SA	0.79	0.79	1.27	0.57
Ruse (BG)/Giurgiu(RO)	2019/2020 Q4	Bulgartransgaz EAD	SNTGN Transgaz SA	0.79	0.79	1.31	0.59
Ruse (BG)/Giurgiu(RO)	2019/2020 Q1	SNTGN Transgaz SA	Bulgartransgaz EAD	0.16	0.12	1.24	
Ruse (BG)/Giurgiu(RO)	2019/2020 Q2	SNTGN Transgaz SA	Bulgartransgaz EAD	0.16	0.12	1.37	

* Periods refer to the gas year starting from 1 October

Source: RBP

Albania

Eni

Eni S.p.A. reported Friday that it has signed a production sharing contract to explore the onshore Dumre Block in Albania, marking the company's return to the country on Europe's Balkan Peninsula after a two-decade absence.

The contract, which Eni signed with Albania's Ministry of Infrastructure and Energy, grants Eni a 100-percent equity interest in Dumre and follows a competitive bidding round the country's National Agency for Natural Resources (AKBN) launched in September of this year, Eni revealed in a written statement emailed to Rigzone. The company contends the 227-square-mile (587-square-kilometer) block, located approximately 25 miles (40 kilometers) south of Albania's capital Tirana, sits in a "'proven' hydrocarbon area with good oil prospectivity."

The new subsidiary Eni Albania will operate Dumre and has committed to drill an exploratory well in the license, Eni noted. During the early 1990s, Eni won the Adriatiku-2 and Adriatiku-4 offshore exploration blocks. In 1999, it left Albania after drilling three non-commercial wells. The firm stated Friday that it expects the country to become a vital energy crossroads for Europe and the Balkans.

"The new entry after 20 years in Albania, in the Dumre Block, represents a very important step for Eni, which is committed with its competencies, know-how and sustainability drivers to help developing a key country of the Balkan region and Italy's strategic partner," concluded Eni CEO Claudio Descalzi.

Source: Rigzone

Armenia

Gas Supplies

Gazprom Export and Gazprom Armenia signed an additional agreement to the contract for Russian gas supplies to the Republic of Armenia.

In accordance with the agreement, the price of natural gas at the border between Georgia and Armenia will not change starting from January 1, 2020, and will remain at the level of 2019.

Gazprom Armenia, a wholly-owned subsidiary of Gazprom, is focused on natural gas supplies to the Armenian market. In addition, the company transports, stores, distributes and sells natural gas, as well as upgrades and expands the gas transmission system and underground gas storage facilities in the Republic of Armenia.

The contract between Gazprom Export and Gazprom Armenia for the supplies of up to 2.5 billion cubic meters of Russian gas per year will be in effect until the end of 2020.

Source: Gazprom

Azerbaijan

BP

BP said that it has started drilling the first well in the Shafag-Asiman production sharing agreement. BP is the operator and holds a 50% interest in the Shafag-Asiman production sharing agreement (PSA) with partner Socar holding a 50% interest. The block lies some 125 kilometers to the South-East of Baku. It covers an area of some 1,100 square kilometers. It is located in water depths of 650-800 meters.

The SAX01 well is the first to be drilled in the contract area and is in accordance with BP's obligations under the PSA that was ratified by the Azerbaijani parliament in 2011, BP said.

The well is planned to reach total depth of up to 7,000 meters, which is expected to take around nine months. Following this, the well data will be analysed and, if successful, an evaluation program may be conducted to confirm the results.

The well is being drilled from the Heydar Aliyev semi-submersible rig operated by the Caspian Drilling Company (CDC). The rig, which has full managed-pressure drilling capability, was contracted for the SAX01 well in November 2019 and then moved to the well location in preparation for the beginning of drilling operations.

Rovnag Abdullayev, president of SOCAR, said: "A while back, we have successfully completed seismic study in the Shafag-Asiman block with our partner BP. Now we are embarking on the next step, and starting to drill an exploration well. The exploration drilling will allow to fully uncover the block's potential."

Gary Jones, BP's Regional President for Azerbaijan, Georgia and Turkey, said: "We are excited and proud to be embarking on this first exploration well on Shafag-Asiman – a structure which has significant potential for a large-scale gas discovery. A great deal of preparation has been made to assure a safe and robust drilling program."

Source: Offshore Energy Today

Belarus

Gas Price

Russia's Vladimir Putin said he saw no point in providing Belarus with a gas discount until a project to create deeper ties between the two states advanced, ratcheting up pressure on his Belarusian counterpart who has complained of bullying from Moscow.

Putin is due to meet Belarusian President Alexander Lukashenko in St Petersburg on Friday.

Russia has helped prop Lukashenko over the past 25 years with loans and energy subsidies, but Moscow started to scale back this help last year, prompting Lukashenko to accuse Russia of trying to bully his much smaller country into a union.

Russia and Belarus have been discussing deeper integration, or a 'union state', for around two decades, but have failed to agree on key points, including a united currency.

The leaders discussed 'prospects for deepening integration as part of a union state' in the Russian Black Sea resort of Sochi on Dec 7.

Putin, speaking at his annual news conference on Thursday, said that little had been done so far.

"Decisions which were made at the time related to a build up of the union state. At best, the key decisions were not implemented. Simply speaking, 90% has not been done," he said.

Belarus has long complained about the gas price it gets from Russia, saying Minsk should be paying the same as the neighboring Russian region of Smolensk given that the countries are trying to set up a union state.

The Belarusian government also says it stands to lose hundreds of millions of dollars a year from changes to Russian tax policy and wants compensation. Russia says the subsidies it pays to Belarus cost its exchequer billions of dollars.

On Thursday, Putin said that Belarus was paying $127 per 1,000 cubic meters of gas, the lowest among those countries to which Moscow exports and much lower than the around $200 per 1,000 cubic meter average price for Europe.

"It would be a mistake to start subsidizing Belarus (more) given the unresolved issue of the union state's build up," Putin said.

Putin's current term ends in 2024 when the constitution requires him to leave the Kremlin. However, some critics have speculated he could try to bypass the constitutional limit on serving more than two consecutive terms and retain power by becoming head of a unified Russian and Belarusian state.

The Kremlin denies this.

Source: Reuters

Gas Supplies

A working meeting of Alexey Miller, Chairman of the Gazprom Management Committee, with Vladimir Semashko, Ambassador Extraordinary and Plenipotentiary of the Republic of Belarus to the Russian Federation, and Viktor Karankevich, Belarusian Minister of Energy, took place today in Moscow. The parties discussed in detail the issues related to cooperation in the gas sector from 2020 onward.

Alexey Miller and Vladimir Semashko signed the Protocol between Gazprom and the Government of the Republic of Belarus on the pricing procedure for natural gas supplies to Belarus in January and February 2020.

Gazprom and Gazprom Transgaz Belarus signed additional agreements to extend the contracts for gas supplies to and gas transportation across Belarus until 2021. According to the newly-signed documents, the contractual supply and transit volumes in 2020 will remain at the level of 2019.

The contracts between Gazprom and Gazprom Transgaz Belarus for gas supplies to and gas transportation across Belarus were to remain in force until the end of 2019.

Source: Gazprom

Oil Supply

Belarusian state energy firm Belneftekhim said on Saturday that Belarus and Russia stood ready to sign a deal on the first delivery of oil from Russia since supplies were halted on Jan. 1 amid a dispute over contract terms.

“Today, documents are being drawn up together with a Russian company to pump the first batch of oil, purchased at a price without premium,” Belneftekhim said in a statement, adding that the volumes would be delivered imminently and would allow for refineries in Belarus to work uninterrupted in January.

Source: Reuters

Oil Transit

Belarus introduced a tax on Friday on oil transportation and transit across its territory, setting it at 50% of profits, a statement from the president’s office said.

The new tax, signed into law by Belarusian President Alexander Lukashenko on Friday, comes during an energy row between Moscow and Minsk over the contract terms on which Russian oil is supplied to Belarus.

Russia suspended oil supplies to Belarus on Jan. 1, though two Russian companies have subsequently restored supplies.

The two countries, which have had several oil and gas disputes over the past decade, are trying to negotiate a new oil supply deal.

It was not immediately clear what impact the new tax would have on Russian oil transit to Europe via Belarus.

Source: Reuters

Bulgaria

Gas Price

Bulgaria's Energy and Water Regulatory Commission (EWRC) has approved an almost 2% cut of the natural gas price for the first quarter of 2020 compared to the last quarter of 2019. The selling price, applicable to end providers of natural gas and to persons licensed for heat production and transmission, is set at 44.04 leva/MWh, down 0.81 leva/MWh or 1.81%, quarter on quarter. The price includes the cost to the delivery destination and compensation for the public obligation surcharge and excludes the cost of access, transmission, excise duty and VAT. The EWRC's decision is prompted by a quarterly price approval application submitted by Bulgargaz EAD. The natural gas price for the first quarter of 2020 will leave unchanged the price of heat until the end of the heating season and the price of electricity for household and business customers on the regulated market.

Source: BTA

Balkan Gas Hub

Bulgarian gas exchange (Balkan Gas Hub) started functioning with a segment on the Gas Release Programme of Bulgargaz set by law to be 2220 GWh (211 mcm) in 2020 and 11099 GWh (1057 mcm) in 2024. The price at which the gas is offered is the price of Bulgargaz approved by the regulator for the quarter at the entrance of the system plus the cost for access to the Virtual Trading Point and minus the margin of Bulgargaz (not more than 3% according to the law). The offered quantities were divided into two - half of it for annual sales in 2020 and the other half for monthly sales during 2020. In the first auction held on 9 December 2020 about 50 mcm were bought, from which about 2/3 for annual supplies and 1/3 for monthly supplies. In the second auction held on 16 December the unsold in the first auction quantities were meant to be traded, but the quantities, which were sold, were very insignificant. The same happened during the third auction, which took place on 23 December. In total for the three auctions 550 455 MWh (52 mcm) were sold.

All the quantities for the first two auctions had to be dedicated to the domestic market, but after that all next auctions refer to sales on the domestic and not domestic market. Which means that on 23 December the bought gas can be sold not only in Bulgaria.

Balkan Gas Hub announced that they have launched new trade segments on the gas exchange to start on 2 January for short term (day-ahead trade, intraday trade, balancing of daily capacities on the transmission network) and long term (up to 5 years ahead annual and monthly trade, 3 years ahead quarterly trade). They also offer brokerage services for managing contracts without membership in the gas exchange and without dealing with capacity reservations and transportation.

The next auction under the gas release programme is scheduled for 13 January 2020.

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The CEO of Bulgartransgaz informed about the gas exchange trading, which starts on January 2, 2020. "In pursuance of Bulgaria's energy strategy, approved by the National Assembly, as of January 2, 2020, Gas Hub Balkan is ready to present a platform for bilateral trade with the trading or so-called brokerage service. It will allow one significant step towards the liberalization of natural gas in Bulgaria, which will allow all transactions up to 1 year to be executed on the platform of Gas Hub Balkan, developed with the Canadian company Trayport, said Malinov, making sure all services and products are ready. In his words, the launch will also lead to better financial and economic conditions for consumers.

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According to recent amendments to the energy law, until January 2025, all deals for up to one year should be made at the gas exchange and gas producers should sell at least 15% of the produced gas on the gas exchange. After that date, only the deals under standardised short term products will be obliged to be made on the gas exchange.

Sources: Balkan Gas Hub, 3e-news.net, energy law

Gas Exchange

The CEO of Bulgartransgaz Vladimir Malinov has announced that since the beginning of the gas exchange on January 1, there have already been eight deals concluded: "The deals are well below the regulated price approved on January 1st. This means that there is an interest in the gas exchange. There are 14 registered users. The price signals given by these deals show that it makes sense. In addition to liberalization, this will also lead to better financial and economic conditions. "

Source: Bulgarian National Radio

Bulgartransgaz

Bulgartransgaz opened an auction for gas capacity on the RBP platform for monthly capacity reservations for January 2020 in direction from Bulgaria to Romania and 169 GWh/d were reserved.

Source: RBP

Upstream Activities

Romania's top oil and gas group OMV Petrom said on Tuesday that it has signed a contract to acquire a stake in the Han Asparuh exploration licence in Bulgaria.

OMV Petrom will acquire the participation held by OMV Offshore Bulgaria in the Han Asparuh exploration licence in Bulgaria by acquiring all its shares from OMV Exploration & Production, it said in a press release.

Closing of the transaction is subject to certain conditions precedent and is expected by mid-2020.

OMV Offshore Bulgaria currently holds a 30% working interest in the deepwater offshore Han Asparuh exploration block located in the western part of the Black Sea within a joint venture led by Total as operator.

The first exploration well, Polshkov-1, was drilled by the current joint venture in 2016 and was followed by the drilling of two further exploration wells in 2017 and 2018. Geological and geophysical studies will be performed with the aim to identify additional exploration drilling targets, the company said.

"This acquisition is in line with our strategy to increase our regional presence and is a natural addition, taking into account our portfolio in the Black Sea. We have a history of more than 40 years in the Romanian Black Sea shallow water and starting 2008 we have been exploring, together with ExxonMobil, the deepwater potential as well," OMV Petrom executive board member responsible for upstream, Peter Zeilinger, commented in the press release.

In 2012 the Bulgarian government awarded the Han Asparuh exploration block to the consortium of OMV (30%), Total (40%) and Repsol (30%).

The block, positioned next to the Romanian block Neptun Deep, has an area of 14,220 square km and water depths over 2,000 m.

OMV Group owns a 51.01% stake in OMV Petrom; the Romanian state, via the energy ministry owns 20.64% and 28.35% is in free float on the Bucharest Stock Exchange and the London Stock Exchange.

Source: Seenews

Belene Nuclear Project

Bulgaria has decided to invite five companies to submit binding offers in the process of selection of a strategic investor in its 2,000 MW Belene nuclear power plant (NPP) project, the energy ministry said on Thursday.

The shortlisted candidates are: China National Nuclear Corporation (CNNC), Korea Hydro & Nuclear Power, Russia's Atomenergoprom, a subsidiary of Rosatom, France's Framatome and US-based General Electric, the energy ministry said in a statement.

Invitations for submitting binding offers will be sent to the shortlisted candidates by the end of January 2020.

Framatome and General Electric have been put on the shortlist after they proposed to supply equipment for the project and arrange financing for it, the energy ministry said.

General Electric has expressed interest in structuring project finance as well as participating as a designer and a supplier of equipment for turbine control room, compressors, transformers and other pieces of equipment. Framatome has stated its interest in taking part in the structuring of project finance for safety systems, including electrical ones as well as control systems.

A total of 13 candidates had expressed interest in the project, seven of which declared intention to take part as strategic investors.

The 90-day period for expression of interest started on May 22, when the energy ministry published an invitation in the Official Journal of the European Union. The procedure gives an opportunity to the candidates to interest interest in acquiring a minority stake in the future project company and/or to purchase electricity from the NPP to be built in Belene, on the Danube river.

In August, North Macedonia and two Bulgaria-based companies - Atomenergoremont and Grand Energy Distribution, declared interest to acquire minority interest in the project company. They have also declared interest in purchasing electricity from the future NPP.

"The procedure is flexible, giving options to the selected strategic investor to negotiate with the companies interested in acquiring a minority stake or purchasing electricity from the future power plant," the ministry said at the time.

In June 2018, the parliament mandated energy minister Temenuzhka 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.

Belene NPP must be built on a market basis, as the state will not sign long-term power purchase agreements with the investor, nor will it provide state guarantees, the energy ministry said in March. 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 ($667.4 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

Croatia

INA

Croatian oil and gas company INA said on Friday it has signed a 3.3 billion kuna ($492 million/444 million euro) contract with Italian company KT - Kinetics Technology (KT) for works on its Rijeka refinery revamp project.

This is the first step towards the implementation of the project after last week the INA Management and Supervisory Boards made a decision on the investment, supported both by the Croatian Government and MOL as the two major shareholders, the Croatian company said in a statement.

The total investment in the project is seen at 4.0 billion kuna, the statement added.

Earlier this month, INA's management board unanimously approved the investment in the Rijeka refinery Residue Upgrade project, with the two major shareholders of INA - roatia's government and Hungary's MOL - both supporting the planned investment.

The project will include the Residue Upgrade, the reconstruction of existing refinery units as well as building a new port with closed petroleum coke storage. The Residue Upgrade unit, using a delayed coker technology, will improve the refinery's product structure by increasing the share of profitable white products such as motor fuels. Its commissioning is expected in 2023.

The investment is part of the INA Downstream 2023 New Course transformation programme, which aims to turn the company’s refining and marketing segment into a sustainable and profitable business.

The programme also includes the concentration of INA's crude refining activities in the Rijeka refinery and the conversion of the Sisak refinery into an industrial site to serve as a base for bitumen production, a logistic hub and potentially for lubricant production and a bio-component refinery, subject to further investment decisions, INA has said.

The project for the conversion of the Sisak refinery was approved in March.

Source: Seenews

Egypt

Gas Import

Egypt will begin importing natural gas from Israel by mid-January 2020, Israeli Energy Minister Yuval Steinitz told Israel Radio on Sunday.

“(The exports) will begin in the middle of next month and perhaps even earlier,” he said.

Israeli gas exports to Egypt will gradually reach 7 billion cubic meters, a senior industry source, who earlier in the day disclosed a mid-January starting date, said on condition of anonymity.

Steinitz said Egyptian petroleum minister Tarek El Molla had spoken to him two days ago and congratulated him on signing export permits for the gas. Egyptian company Dolphinus Holdings reached a landmark deal last year with the Israeli companies operating the Israeli fields Leviathan and Tamar.

In October, the Israeli companies said they were increasing the amount of natural gas they plan to export to Egypt. One source in the Israeli energy industry estimated the value of gas was now $19.5 billion - $14 billion coming from Leviathan and $5.5 billion from Tamar.

Israel’s energy ministry gave its final approval for the start of production at the giant Leviathan field three days ago after a court lifted a temporary injunction granted over environmental concerns. A spokesman for Egypt’s petroleum ministry said he could not provide any information on the matter.

Source: Reuters

ExxonMobil

Exxon Mobil Corp said on Monday it had acquired more than 1.7 million acres for exploration offshore Egypt, strengthening its portfolio in the eastern Mediterranean.

Operations at the 1.2 million North Marakia Offshore block located about five miles offshore Egypt’s northern coast, and 543,000 acres in the North East El Amriya Offshore block in the Nile Delta are scheduled to begin in 2020.

Exxon marked its foray into gas exploration in Egypt by winning awards in one of the country’s largest-ever oil and gas exploration tenders in February.

Egypt Petroleum Minister Tarek El Molla had said that the country expects investments of at least $750 million to $800 million in the first stage of exploration in the total of 12 concessions announced in February.

Source: Reuters

Greece

DEPA

Greek public gas corporation DEPA has approved the acquisition of a 20 percent stake in its compatriot utility GASTRADE, the developer of the FSRU project in Alexandroupolis.

The typical conclusion of the transaction for the participation of DEPA to the equity of GASTRADE is subject to the approval of the Hellenic Competition Committee.

According to the project's timeframe, the final investment decision is expected to be taken during the third quarter of 2020 and it is expected to start operation in September 2022.

Through participation in the equity of GASTRADE, DEPA assumes an active role in the implementation of the project.

Source: LNG World News

Coal Fired Power Production

The Greek government plans to take advantage of Poland staying away from the new Green Deal to push forward its own priorities since the very start of the talks about the Just Transition Fund, Greek Prime Minister Kyriakos Mitsotakis has said.

"We have an advantage: we will be able to be first to put forward our demands regarding the Just Transition Mechanism," Mitsotakis said.

EU leaders, except for Poland, last week adopted the Commission's new Green Deal, while Warsaw maintained its objections to the climate-neutral target for the time being.

Poland decided to follow its "own pace", according to European Commission chief Ursula von der Leyen, but Warsaw has until June to make a final decision.

French President Emmanuel Macron has warned that Poland would not be eligible for EU funds available under the European Green Deal if it does not sign up to the EU's climate objectives.

And for Greece, this presents an opportunity, according to the Greek premier. "Warsaw does not have the right to request funds because it is not prepared to fulfil the commitments that all other EU countries have made," Mitsotakis added.

Speaking at recent EURACTIV event, Marc Lemaître, director-general for regional and urban policy at the European Commission, said new the Just Transition Mechanism would focus "on the communities and people who will face the biggest challenge in terms of job losses because of the necessary energy transition."

The EU official cited western Macedonia as “an extreme case” to illustrate his point. The Northern Greek region directly depends on coal – mining and power plants – for one-third of its GDP, he pointed out. And the Greek government has decided to close down all the plants “before 2030” as part of its climate commitments, he said.

“We will make western Macedonia a role model region in the transition from lignite to clean energy and a different economic activity,” Mitsotakis emphasised.

The conservative politician said the lignite plants that will shut down in western Macedonia are old and have completely outdated technology that is not economically viable today.

“It’s been an imperative decision not only for environmental but also economic reasons,” Mitsotakis added.

Besides western Macedonia, Peloponnese is also expected to benefit from the Transition Mechanism, but to a smaller extent.

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Greece has submitted a revised version of its National Plan for Energy and the Climate to the European Commission on Monday, after it received the approval of the government council for economic policy last week..

It includes sections on urban climate control, ways to change consumer behaviour through new apps, a detailed withdrawal timeline of lignite-powered units and energy produced from secondary fuels as part of managing waste.

Deputy Energy Minister Gerassimos Thomas thanked all participants in the public consultation, which he said was “particularly constructive” and which highlighted the important role society is called upon to play in helping to meet the energy and climate targets.

Sources: Euractiv, Ekathimerini

Israel

Gas Consumption

A government panel approved an Israeli Energy Ministry proposal to build two power units to be operated solely with natural gas as part of a plan to eliminate coal usage by 2025 and improve air quality, the ministry said on Tuesday.

The two units are slated to be completed in 2022 and will supply 1,200 megawatts of power, replacing four coal-fired production units, it said.

Source: Reuters

Gas Exports

Israel began exporting natural gas to Egypt on Wednesday under one of the most important deals to have been signed by the neighbors since they made peace decades ago.

A private firm in Egypt, Dolphinus Holdings, will purchase 85 billion cubic meters (bcm) of gas, worth an estimated $19.5 billion, from Israel's Leviathan and Tamar offshore fields over 15 years.

Yossi Abu, CEO of Israel's Delek Drilling, one of the partners in Leviathan and Tamar, said the landmark arrangement "marks a new era in the Middle East energy sector."

Israel will initially export 200 million cubic feet of gas per day to Egypt, two Egyptian industry sources said. Gas from Leviathon will be supplied to Dolphinus at a rate of 2.1 bcm per year, rising to 4.7 bcm per year by the second half of 2022, according to Delek.

The gas is being supplied via a subsea pipeline connecting Israel and Egypt's Sinai peninsula.

Exports of Tamar gas to Dolphinus are expected to start later this year.

Israeli officials have called the export of gas to Egypt the most significant deal to emerge since the countries signed a historic peace treaty in 1979.

Egypt is hoping the deal will help it become a regional energy hub, with some of the gas expected to be re-exported to Europe through liquefied natural gas (LNG) plants.

The North African country is currently exporting one billion cubic feet of gas to Europe every month via 10 shipments, the country's petroleum minister said in remarks published on Wednesday.

Tarek El Molla also told El Watan newspaper that Egypt wanted to boost gas shipments to Europe to 20 a month after restarting the Damietta LNG plant.

Damietta has been idled for years due to a lack of gas supply during a dispute with Union Fenosa Gas (UFG), a joint venture between Spain’s Gas Natural and Italy’s Eni.

Damietta is 80 percent owned by UFG, with the remaining 20 percent split evenly between the state-owned Egyptian Natural Gas Holding Company and the Egyptian General Petroleum Corporation.

Molla also said Egypt was planning a bidding round for oil drilling in the western Mediterranean Sea and was in talks with Chevron, Exxon Mobile and Total.

Source: Reuters

Lebanon

Upstream Activities

Lebanon’s caretaker energy minister Nada Boustani said on Monday a deadline to submit bids in a second licensing round for off-shore energy exploration would be delayed to April 30 from Jan. 31.

Boustani said in a statement the delay was to provide more time for international companies seeking to participate.

Source: Reuters

Moldova

Gas Supply

Moldova will continue to receive Russian natural gas via Ukraine starting January 2020 after Moscow and Kiev reached a gas transit agreement, Moldovan president Igor Dodon said on Monday.

"As you know, Russia and Ukraine have concluded an agreement, and this means that gas will continue to come to Moldova as it did before," Dodon said during a press briefing streamed on the website of the president's office.

On Saturday, Russia and Ukraine reached an agreement to continue the transit of Russian gas to Europe for five years, the Ukrainian government said in a statement published on its website.

"This also means that we will not need alternative ways to receive gas, namely a $50 million credit from the European Bank of Reconstruction and Development (EBRD), which we could have used for gas purchases," Dodon added.

On December 12, the EBRD said it has pledged $50 million (45.1 million euro) to help Moldova secure natural gas for the coming winter in case of disruption in supplies.

"Moldova, which relies on gas from Russia and has no storage for the fuel, faces the risk of disrupted supply should Russia and Ukraine fail to extend a gas transit agreement that expires on December 31," the EBRD said in a press release at the time.

The EBRD pledged to issue an on-demand, standby letter of credit of up to $50 million to guarantee payment obligations of the Moldovan state energy importer Energocom. The financial arrangement will enable Energocom to purchase one month of natural gas supply from Ukrainian oil and gas company Naftogaz to avoid any gas supply risk.

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Gazprom and Moldovagaz signed the documents to extend the existing contracts for gas supplies and transit.

Moldovagaz is a joint Russian-Moldovan company set up by Gazprom, the Moldovan Government, and the Ministry of Industry of Transnistria.

Sources: Seenews, Gazprom

Montenegro

Upstream Activities

Montenegro, which is hoping to find oil and gas reserves off its coast, said on Friday it has extended Energean Oil & Gas's licence by a year to explore two blocks as the Greek company required more time.

Montenegro awarded Energean a 30-year oil and gas exploration licence in 2017 for the blocks covering a combined 338 square kilometres in the Adriatic Sea's shallow waters.

Under the original deal, the research phase was due to last for seven years, with two research periods of three and four years.

"Considering that the concessionaire needed more time for additional research and that he fulfilled all obligations from the work program, the extension of the first research period... was approved," Montenegro's government said in a statement.

Source: Reuters

Romania

Coal Fired Power Plants

State-owned coal and power complex CE Oltenia, Romania's second-largest energy producer, has reportedly applied for a RON 1.1 billion (EUR 230 million) emergency loan from the Finance Ministry to be disbursed by the State Treasury from own reserves, according to Economica.net. The company reportedly is ready to pay the "market price" for the loan, but asks for a 18-month grace period.

The request for the loan is part of a broader memorandum aimed at helping the company recover from the visible dire financial situation.

The company will use part of the loan to pay for the gas emission certificates (RON 1.6 billion for the energy produced in 2019), but also promises to invest in retrofitting its units for burning natural gas (instead of lignite, currently used) and in wind farms as well.

The previous Government promoted a support mechanism for CE Oltenia, planned to cost end-users RON 10.5 billion (EUR 2.2 bln) over the next ten years. The strategy was on its way for endorsement by the European Commission (EC). In exchange for the public money, CE Oltenia was supposed to cut the gas emissions by switching to natural gas and investing in renewable capacities.

Unless CE Oltenia keeps operating, Romania can hardly secure domestic electricity demand under the circumstances of limited import capacity, according to the memorandum prepared by the previous Government.

Source: Romanian-insider

ExxonMobil

U.S. energy major Exxon Mobil confirmed late on Tuesday it is weighing an exit from a long-stalled Romanian natural gas venture and has begun providing information to potential buyers.

The company holds a 50% stake in the Neptun Deep offshore project located in the Black Sea with Romanian OMV Petrom, majority-controlled by Austria's OMV, but the venture has been fraught with delays over the tax regime and regulations.

No buyer has been identified and no agreements reached with outside groups, Exxon spokesman Todd Spitler said.

While entertaining talks over its holdings, "we plan to continue to perform our role as operator in advancing the project, including continuing to pursue permits," Spitler said.

Reports of Exxon's exit plans first emerged last year, but neither the company nor the Romanian government would officially confirm them.

Earlier this week, Romanian Prime Minister Ludovic Orban said state gas producer Romgaz would be interested in joining a consortium alongside OMV Petrom and a third company to develop Neptun Deep. He also said Russia’s Lukoil had requested information about the sale.

“Should Exxon decide to sell, we want a serious partner, one that comes from the region of our partnerships, the European Union, NATO,” Orban told private television station Digi24.

“We can’t decide for Exxon to whom it will sell its participation, but there are other offers.”

A sale of Exxon’s stake, which requires Romanian government approval, would help edge the oil producer toward its goal of raising $15 billion in proceeds from asset sales by 2021.

In November, people familiar with the matter estimated Exxon’s stake in Neptun Deep could be worth about $250 million.

The company has stepped up a divestment campaign to offset heavy spending in U.S. shale, refining and chemicals, and deep water oil exploration in Guyana and Brazil. Exxon recently sold Norwegian assets to Var Energi AS, a majority owned unit of Italy’s ENI SpA. That sale is expected to provide up to $3.6 billion in cash during the latest quarter.

Several gas producers have spent about a decade and billions of dollars preparing to tap Romania’s Black Sea gas, but they were blindsided by price caps, taxes and export restrictions pushed forward by the previous Social Democrat government.

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Romania will have a strong say on a possible sale of the 50% stake in the Neptun Deep offshore gas project in the Black Sea held by ExxonMobil, the country's president said.

Klaus Iohannis also dismissed recent media reports that ExxonMobil's could sell its participation in Neptun Deep to Russia's Lukoil.

(...) in my opinion, this information that has been circulating in the last days is not real. I don't think we can talk about such a possible transaction," the Romanian president said during a televised news conference on Thursday evening.

At the beginning of this week, Romania's prime minister Ludovic Orban also commented on the matter. During a talk-show on Digi 24 TV Orban said that there could be a consortium of Romanian natural gas producer Romgaz, oil and gas group OMV Petrom [BSE:SNP] and another company to make an offer for ExxonMobil's stake in the Black Sea project..

"We want a partner - in case Exxon decides to sell - a serious partner, from our areas of partnerships with EU and NATO," Orban said.

Economy minister Virgil Popescu said in a Facebook post on Monday that if ExxonMobil is planning an exit, it should fully comply with the existing Romanian legislation.

"The Black Sea operations are a matter of national security and I recommend that no one tests us on this," Popescu said.

ExxonMobil Exploration and Production Romania Limited (EMEPRL) and OMV Petrom each hold 50% of the deep water sector of the Neptun Block. EMEPRL is the operator.

OMV Petrom's shares traded flat at 0.45 lei ($0.1/0.09 euro) on the Bucharest Stock Exchange by 1052 CET on Friday.

Source: Reuters, Seenews

CEZ

Romanian state-controlled hydropower company Hidroelectrica has hired the consulting firm Ernst&Young (EY) to advise it in placing a bid for assets put up for sale by CEZ Romania, sources for the capital market told Ziarul Financiar.

Hidroelectrica's shareholders recently approved a EUR 10 million budget for consultancy services as the company plans to buy some assets put up for sale by Czech group CEZ and Italian group Enel in Romania.

Hidroelectrica has already submitted a non-binding letter of intent for purchasing some of the assets of Czech utility group CEZ in Romania, Hidroelectrica CEO Bogdan Badea confirmed at an energy conference in October.

Source: Romania-Insider

Serbia

NIS

Serbian oil group NIS, majority owned by Russia's Gazprom Neft, is planning to cut development spending by 6.4% next year to 37.5 billion Serbian dinars ($355.2 million).

One of the biggest contributors to Serbia's budget, NIS operates two refineries, plus fields in Serbia, Angola and Bosnia.

The company said in a statement that a major portion of next year's investment would go toward oil and gas exploration and production, further development of refining capacity and modernization of its retail network.

NIS will begin operating a deep conversion complex at its Pancevo refinery next year, part of a second phase of a Gazprom Neft modernization program, which has been ongoing since 2009.

The complex will allow the refinery's conversion rate, a key indicator of operational efficiency, to reach 99.2% and increase the volume of high-quality diesel fuel by over 38%.

It will also help it start producing petroleum coke, a first in Serbia, and cease production of heavily polluting high-sulphur fuel oil.

NIS plans to commission a 200 megawatt (MW) gas-fired cogeneration plant in 2020, the biggest in Serbia to date, that will supply the Pancevo refinery and the country's energy market. The plant is a joint venture between NIS and Gazprom Energoholding, another subsidiary of Russian gas giant Gazprom.

Gazprom Neft owns 56.15% of NIS, while the Serbian government holds 29.88% and small shareholders the rest.

Source: Reuters

Turkey

Gas Consumption

Natural gas inflow to Turkey's gas network saw a year-on-year decrease of around 6.33 percent to 46.83 billion cubic meters (bcm) in 2019, according to data from the Turkish Petroleum Pipeline Corporation (BOTAŞ) on Jan. 4.

In 2018, around 50 bcm of natural gas entered the Turkish natural gas system, the majority of which, at around 49.33 bcm, was consumed.

As Turkey's natural gas export volume is very low, the total consumption is expected to be close to the amount of inflow.

In 2017, Turkey saw the highest inflow level in the country's history at 53.86 bcm.

Source: Hurriyet Daily News

LNG

Aygaz has become the first Turkish company to export liquefied natural gas (LNG) abroad, according to a statement released by Aygaz Doğal Gaz on Saturday.

"Aygaz Doğal Gaz has expanded its activities due to increasing LNG demand from neighboring countries," the statement said. "The first LNG export has been made to Bulgaria via land."

In addition to LNG sales, the company provides opportunities by helping equipment suppliers to open to foreign markets and by enabling the transfer of knowledge and expertise to markets abroad, according to the statement.

The first LNG export of Turkey makes a historic mark since the country is heavily dependent on foreign resources, especially natural gas, for its domestic energy demand.

Turkey's LNG imports reached a historic record high at 7.14 billion cubic meters (bcm) in the first half of 2019, according to Turkey's Energy Market Regulatory Authority's (EMRA) data.

The share of LNG in natural gas imports surpassed 30% for the first time in the January-June period out of the total of 23.29 bcm of natural gas imports, Anadolu Agency's calculations reveal based on official EMRA data.

Source: Daily Sabah

Ukraine

Gas Price

The average daily gas price on the western border of Ukraine quoted on the Ukrainian Energy Exchange for the period 15 December 15 January was 3698 UAH/1000 cbm (14.7 EUR/Mwh, average exchange rate of NBU, 10.57 Mwh per 1000 cbm).

The price of gas = ((The price on the hub (EUR / MWh) + the average cost of transporting by the main gas pipelines in Europe (3 EUR / MWh)) * 10.57 (conversion rate MWh in cubic m.)) * EUR NBU rate as of the date + (4.45 USD * USD NBU rate as of the date)

Ukrainian Energy Exchange

Gas Supply

The Ukrainian and Romanian national gas pipeline operators have signed an interconnection agreement to allow gas supplies from Turkey and southern Europe to Ukraine and Moldova, the Ukrainian company said on Wednesday.

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Naftogaz Ukrainy is not holding talks with Russia's Gazprom on direct purchase of natural gas now, Naftogaz Ukrainy CEO Andriy Kobolev said at a press conference in Kyiv on Tuesday.

"A rather intense and emotional discussion is ongoing among the Ukrainian government and wider political elite. After its completion, I think we can return to this issue. So far, Naftogaz is not holding such negotiations," he said.

Kobolev also said that Ukraine's significant gas reserves in underground storage facilities, accumulated on the expectations of a possible interruption of gas transit across Ukraine from January 1, allow the country not to import significant gas volumes in the coming months.

At the same time, during the first quarter of 2020, Naftogaz Ukrainy will import 1 billion cubic meters from Slovakia as guaranteed volumes of gas contracted with large European traders.

Source: Reuters, Interfax

Gas Transit

Russia and Ukraine announced terms of a new gas transit deal on Saturday, under which Moscow will supply Europe for at least another five years via its former Soviet neighbor and pay a $2.9 billion settlement to Kiev to end a legal dispute.

The deal is a major breakthrough for both countries, which have been seeking to resolve disputes over Ukraine’s eastern Donbass region and the Crimea peninsula, which Russia annexed in 2014.

Under the new agreement, Russia's Gazprom, which supplies over a third of Europe's gas needs, would use an agent to book the transit of 225 billion cubic meters (bcm) of the fuel via Ukraine over five years.

Of the total, 65 bcm would be shipped in 2020, falling to 40 bcm in 2021 and in each of the subsequent years, Gazprom said.

The Russian gas company would also pay Ukraine the $2.9 billion before Dec. 29, in line with the amount proposed in arbitration rulings between Gazprom and Ukrainian energy firm Naftogaz in 2018.

In exchange, Ukraine is expected to sign a legal settlement and withdraw all outstanding claims, also before Dec. 29, aiming to resolve the issue before the existing supply deal expires.

Russia's Gazprom and Ukraine's Naftogaz had gone to an arbitration court in Stockholm in a number of disputes over gas prices and transit fees dating back to 2014.

The presidents of Russia and Ukraine met in Paris on Dec. 9 to discuss options for a settlement over Donbass and terms for the new gas transit deal. The talks, known as the Normandy summit, were brokered by France and Germany.

Ukrainian Energy Minister Oleksiy Orzhel said on Saturday that under the new deal both parties had an option to extend the five-year term by another 10 years. He added that the transmission tariff for the Russian gas would rise.

The deal comes as U.S. President Donald Trump signed legislation on Friday that included provisions to impose sanctions on companies laying pipe for Nord Stream 2, a project that aims to double gas capacity from Russia along the northern Nord Stream 1 pipeline route to Germany.

Nord Stream 2, which will run along the Baltic Sea floor, will enable Russia to bypass Ukraine and Poland to deliver gas.

The group behind Nord Stream 2 said on Saturday it aimed to complete the pipeline as soon as possible, after a major contractor suspended pipe-laying activities due to the U.S. sanctions.

Reporting by Vladimir Soldatkin, Andrey Kuzmin, Maria Grabar in Moscow and Natalia Zinets in Kiev; Writing by Katya Golubkova; Editing by Edmund Blair and Frances Kerry

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Ukraine's new five-year gas deal with Russia includes an option to extend it by a further 10 years, the Ukrainian energy minister said on Saturday.

Oleksiy Orzhel added said that, under the new agreements with Russia reached on Friday, the gas transmission tariff would be increased compared to the existing contract expiring at the end of this year but he did not specify the amount.

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The National Commission of Ukraine for Energy, Housing and Utilities Services Regulation (NCER) has made the final decision on certification of Gas Transmission System Operator of Ukraine LLC (TSO of Ukraine), which will become fully operational as the new operator of the Ukrainian gas transmission system (GTS) from January 1, 2020.

The decision was made at a meeting of the commission on Tuesday.

"Congratulations! We have made the decision on the final certification of the operator of the GTS," Head of the commission Valeriy Tarasiuk said during the meeting.

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Russian and Ukrainian companies signed a final five-year agreement safeguarding Russian gas transit to Europe via Ukraine, Kremlin-controlled gas giant Gazprom and Ukrainian President Volodymyr Zelenskiy said on Monday night.

The deal, which came just 24 hours before the current agreement expires on Tuesday, averted a potential Russian gas-flow interruption to Europe and helped Moscow avoid another blow to its reputation as a long-term energy supplier after Russian oil exports to Europe were contaminated earlier this year.

It was signed after five days of painstaking talks and followed a meeting between Russian President Vladimir Putin and Zelenskiy earlier this month in Paris.

“After five days of uninterrupted bilateral talks in Vienna, the final decisions have been made and final agreements have been reached,” Gazprom Chief Executive Officer Alexei Miller said in a statement.

“The (signed) documents are effective as of today and provide for Russian gas transit via Ukraine after Dec. 31 2019.”

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The National Commission of Ukraine for Energy, Housing and Utilities Services Regulation (NCER) approved the tariffs of GTSOU for gas transmission services for entry and exit points of the pipeline network for 2020-2024.

In particular, for entry points (actually for imports to Ukraine) from the countries of Western Europe, the tariff will decrease by 29.1%, from $6.28 to $4.45 per 1,000 cubic meters a day, from the Russian Federation (for transit and import to Ukraine) it will increase 2.5 times, from $6.28 to $16.01 per 1,000 cubic meters a day.

For exit points (transit, hypothetical exports from Ukraine) to the countries of Western Europe, the tariff will decrease. In particular, towards Poland it will fall by 27.6%, to $9.04 per 1,000 cubic meters a day, Slovakia – by 44.8%, to $9.68 per 1,000 cubic meters a day, Hungary – by 45.1%, to $9.25 per 1,000 cubic meters a day, the Turkish direction (Orlivka/Isaccea) – by 91.8%, to $1.13 per 1,000 cubic meters a day.

At the same time, despite the tariffs set by the regulator since 2016 in accordance with the European methodology for the entry and exit points of the Ukrainian gas transportation system, they were not applied to gas transit under a contract between Naftogaz and PJSC Gazprom signed in 2009.

Sources: Reuters, Interfax

Gas Transmission

The newly-established company operating the Ukrainian gas transport system, the Gas Transmission System Operator of Ukraine (GTSOU), has signed an interconnection agreement based on European rules with the Slovak operator EUSTREAM to operate at the at Budince and Uzhgorod-Velke Kapusany points, which took effect on January 1, 2020, the Ukrainian operator's press service has said.

On December 30, GTSOU concluded an interconnection agreement with Russia's Gazprom.

Hence, the new Ukrainian gas transport operator has signed agreements with all interconnection operators from Poland, Hungary, Romania, Moldova, Slovakia and Russia. The parties have provided all the necessary technical and legal grounds for the start of GTSOU's operations and for uninterrupted gas transport via the Ukrainian gas transport system from Russia to European countries starting January 1, 2020.

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Gas Transmission System Operator of Ukraine (GTSOU), which replaced Ukrtransgaz as the operator of the Ukrainian gas transmission system on January 1, 2020, has reported continuation of Russian gas transit under the new agreement reached between Russia's Gazprom and NJSC Naftogaz Ukrainy in furtherance of the previous ten-year contract.

"We have transported the first cubic meters of gas to the EU under the new gas contract consistent with European regulations. The gas transmission system is operating normally," the operator said in a statement on Facebook on Wednesday.

Source: Interfax

Pipelines and Supply Options

EastMed

Cyprus, Greece and Israel signed in Athens on Thursday a “historic” agreement for the construction of the Eastern Mediterranean pipeline, which is considered a project of common interest of energy infrastructure in Europe.

It aims to transfer between 9 and 12 billion cubic metres a year from offshore gas reserves between Israel and Cyprus to Greece, and then on to Italy and other southeastern European countries.

Although Italy’s Minister for Economic Development Stefano Patuanelli sent a letter to his Greek counterpart Kostis Hatzidakis and expressed his support for the project, Rome was not represented at the signing.

La Stampa reported earlier this week that there are internal divisions over EastMed and TAP pipelines between the Democratic Party and its coalition partner Five Star Movement.

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Oil and gas company Energean and the Public Gas Corporation of Greece (DEPA) have agreed on the potential sale and purchase of natural gas from Energean’s fields offshore Israel thus paving the way for commercial operation of the EastMed pipeline.

Ahead of the Intergovernmental Agreement on the EastMed Pipeline, signed on Thursday by the Ministers of Cyprus, Greece, and Israel responsible for Energy, Energean and DEPA on Thursday signed a Letter of Intent (LoI) for the potential sale and purchase of 2 BCM of natural gas per annum from Energean’s gas fields offshore Israel, where Energean is investing $1.7 billion for the development of the Karish & Tanin fields through the FPSO Energean Power.

Energean stated that additional details, including terms, delivery points, gas composition, the shipper of the EastMed pipeline etc. would also be agreed and detailed in the GSPA.

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Source: Euractiv, Offshoreenergytoday

TurkStream

The entry point for Russian gas intake for Bulgaria is changing and the gas will be passing through the Strandzha 2 entry point from January 1, 2020. However, the possibility of transporting gas through the Trans-Balkan pipeline remains. This was announced at a press conference by Energy Minister Temenuzhka Petkova and CEOs of Bulgartransgaz and Bulgargaz Vladimir Malinov and Nikolay Pavlov. The change comes after Friday's talks with Gazprom."From January 1, 2020, the delivery point for Russian natural gas for Bulgaria will be changed and it will be Strandzha 2. The reasons are the economic effect and better conditions for the Bulgarian consumers of natural gas, ”said Energy Minister Temenuzhka Petkova. Malinov further specified that the activities for the implementation of the Balkan Stream (the continuation of the Turkish Stream through Bulgaria) were also underway, with pipelines delivered over 215 kilometres, and the construction lane prepared for a route of 110 kilometres, and 35 kilometres of laid pipes have already been welded and a process of checking the quality of welding activities is in progress. You know that last year the country's energy strategy was updated and two very important projects were included in this energy strategy. One of them is related to the expansion of the gas transmission infrastructure on the territory of Bulgaria from the Turkish-Bulgarian border to the Serbian-Bulgarian border.

This is connected also with the participation of our country in the LNG terminal in Alexandroupolis as a shareholder, Minister Petkova specified. According to her, all these changes that are happening in the gas sector around our country make us be relevant to the current situation. "For this reason, Bulgargaz has been in talks with its Gazprom Export counterparts since mid-June, and what we have been able to finalize so far are negotiations to change the entry point of delivery," the minister said. She specified that during the negotiations after the review of the technical parameters of the Strandzha 2 entry point (these were realized by Bulgartransgaz in the first 11 km of the extension of the gas transmission infrastructure from the Turkish-Bulgarian to the Serbian-Bulgarian border) found that changing the entry point will bring economic and financial benefits to Bulgarian consumers.

The economic benefit of replacing Strandja 2 instead of Nugru Voda 1 and 2 and Isakcha will be in the order of BGN 70-80 million for Bulgarian consumers, which will also affect the price of gas. “Economic analyses have shown that Bulgarian consumers will save BGN 70 million annually on transmission fees respectively on the Trans-Balkan route. That is, it will lead to a decrease in the price of Russian natural gas for Bulgaria, and the initial analyses that have been made show that this reduction will be about 5%. In addition, Bulgartransgaz colleagues also made the technical parameters for the possibility of operating this connection, "said Petkova.

"Bulgartransgaz's gas transmission system is ready to absorb quantities of Russian-origin natural gas from its new delivery point, namely Strandzha 2. I confirm that the necessary infrastructure, namely 11 kilometres from the gas pipeline from the Bulgarian-Turkish border to the Strandja Compressor Station and the Strandja Gas Metering Station, have been put into operation ready to absorb these quantities.

The gas pipeline is currently filled with natural gas at 50 bar pressure. The same operation was carried out on Turkish territory, ”said Bulgartransgaz CEO Vladimir Malinov, also expressing his readiness to take over the natural gas supplies through Strandja 2 from January 1, 2020.Malinov also said that the infrastructure of the Trans-Balkan gas pipeline is also ready to "carry the quantities along the existing route". "So from an infrastructure standpoint, we're ready. Capacity products are also available and uploaded to the platform. Today we will also sign an agreement on interconnection with the infrastructure operator in Turkish territory, "he specified. This, as Malinov said, also means maintaining the capacities of the Trans-Balkan gas pipeline, which now carries quantities to Greece and Northern Macedonia (about 2.9 billion cubic meters for Greece and 0.5 billion cubic meters for Northern Macedonia). In this regard, the CEO of

Bulgartransgaz recalled that the contract between Bulgargaz and Gazprom Export is until 2030. "We are ready on the basis of Gazprom Export's reserved capacities to transport the quantities to our neighbouring countries Greece and northern Macedonia, "he said. Responding to a question of where the quantities will go - through Ukraine or Turkey, Malinov recalled that the function of Bulgartransgaz is to provide capacities, to be reserved by the relevant users, and the decision of where to go to the users. "Negro Voda 1 and 2," Malinov recalled once again, as well as "Strandzha 2" are ready. "Each user can choose the route to use to supply the right quantities of natural gas," he added.

From January 1, 2020, natural gas will be delivered to Bulgargaz at the Strandja 2 entry point. Analyses made by Bulgargaz as a financial, economic, technical and legal analysis have shown that this will bring financial benefits for the company and for the Bulgarian consumer. These financial benefits are currently estimated at nearly BGN 80 million annually. The cost savings come from the cost of transport and capacity through Romania, ”Pavlov said. The savings, he said, also come from the cost of entry capacity through Strandja 2. The CEO of Bulgargaz said that in June the Romanian operator significantly increased tariffs for the gas year 2019-2020. "If I remember even the Bulgarian business, the big consumers of natural gas objected to these big fees and capacity products," he said. Pavlov also specified that since May at the initiative of Bulgargaz proposed to Gazprom, a request has been made to improve some of the contract terms, such as the alignment of the supply contract with the contract for the transfer of operators, such as the transition to a gas year, gas pricing in energy units, and other technical issues agreed by Gazprom Export. All these agreements are in the interest of Bulgargaz and the Bulgarian consumer and have their financial expression, "Pavlov said. It was during the negotiations that a change of entry point was also proposed. "The economic benefit is to get gas at Strandja 2," Pavlov repeated, justifying himself with the company's trade policy."All quantities of Bulgargaz from Gazprom Export for a total of 2 billion and 900 million cubic meters will be received at the Strandzha 2 entry point," he added.

Balkan Stream

"The construction of the Balkan Stream gas pipeline is going at a very accelerated pace. We move according to the clauses in the contract. Currently, approximately 150 kilometers of of the track are divided into three sections. At the moment, 17 539 pipes have been delivered, or they are the pipes for 215 kilometres from the route and the work is going on, "Minister Petkova said in response to a question about the construction of the gas pipeline. “We are working at full speed and with the ambition to fulfil the undertaken commitments under the contract ," she said. The executive director of Bulgartransgaz, on his behalf stated that more than 110 km of the strip had been prepared for construction, the pipes in the territory of more than 35 km had been welded, and the quality of the welding activities was checked.

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Serbia has completed the laying of its stretch of the TurkStream gas pipeline.

The pipes for the National Trunk Gas Pipeline - the new alternative gas supply route for the entire Balkans - have now been laid across Serbia, the RTS reports.

The route will run via Bulgaria, Serbia and then into Hungary, and further works on gas infrastructure are under preparation.

Srbijagas CEO Dusan Bajatovic told the RTS 403 km of pipes had been laid in Serbia.

"The drilling underneath the Danube, the Tisa and the Morava rivers is complete, all canals, passages and pipes are connected. We expect to finish the works on measuring stations," he said.

He added Serbia would have three exit points from the gas pipeline - at Paracin (central Serbia), Belgrade and Zrenjanin (northeastern Serbia).

What remains to be done is to make an exit point for the Banatski Dvor gas storage facility, he said.

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"Gas supplies from Russia are being successfully made through the new entry point, Strandzha 2, through Turkey. The benefits of implementing this project are security and economic feasibility. This will affect the final prices and the final consumers. Changing the point of delivery also saves shipping costs. Northern Macedonia and Greece also receive gas through Strandja 2. “Vladimir Malinov, executive director of Bulgartransgaz, told this to the BNR.”As of January 1, there is no natural gas flow through the Trans-Balkan pipeline. Nonetheless, our system is ready to absorb such a flow if needed ... The reverse flow, part of the concept of a vertical gas corridor, is already open and when there an interest from the market, natural gas can be transported in all directions. “Malinov added during an interview at the radio show “Sunday 150" of Bulgarian National Radio. He stressed that since January 1, Bulgartransgaz has continued to transport gas to Turkey: "Natural gas comes from Turkey, passes through Bulgaria and returns to Turkey. The gas enters Bulgaria through the TurkStream, it goes to the Strandzha compressor station on Bulgarian territory and then we are reversing it, and along the old route that we have been supplying gas to Turkey so far, we are bringing it back to Turkey. "Malinov assured that Bulgaria and Bulgartransgaz will remain on the gas map of Europe: “Even after the Balkan Stream was built; Bulgartransgaz's revenues will increase several times. What we expect with the Balkan Stream implementation is the revenue from Bulgartransgaz's transfer to reach about 400 million leva annually."

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EURACTIV spoke to US officials and obtained clarifications which indicate that companies involved in additional lines to the second pipe of Turkish Stream would be subject of sanctions if and when gas starts flowing.

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The presidents of Turkey and Russia formally launched the TurkStream pipeline which will carry Russian natural gas to southern Europe through Turkey, part of Moscow’s efforts to reduce shipments via Ukraine.

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Russia has started European gas deliveries through the new TurkStream pipeline to Turkey, Bulgaria’s Bulgartransgaz said on Sunday, as Moscow looks to reduce shipments via Ukraine.

Russia is building TurkStream and doubling the capacity of NordStream across the Baltic Sea to Germany as part of plans to bypass Ukraine in its gas deliveries to Europe.

“Russian gas deliveries not only for us but also for Greece and North Macedonia are being carried through the new entry point (at our Turkish border),” Bulgartransgaz CEO Vladimir Malinov told Bulgarian national radio BNR.

Russian gas producer Gazprom started shipping about 3 billion cubic meters (bcm) of gas to Bulgaria via TurkStream on January 1, replacing a route that formerly passed through Ukraine and Romania.

Malinov said that lines - the TransBalkan pipeline - was idle at present, but added that it was made reversible and could be used for shipments to Romania, Moldova and Ukraine if there was demand.

“We have thus opened the route to access for LNG from the Greece’s LNG terminal Revithoussa up to Ukraine,” he said.

Russia is building TurkStream in two pipelines, each with an annual capacity of 15.75 bcm.

The first pipeline is aimed at supplying Turkey and the second would run further from Bulgaria to Serbia and Hungary. Bulgaria hopes to be able to make shipments to Serbia by May and build the whole section by year-end.

While Russia and Ukraine at the end of last year signed a five-year agreement on gas transit to Europe, volumes are set to fall from 65 bcm in 2020 to 40 bcm annually from 2021 to 2024.

Relations between the one-time allies have deteriorated since Russia annexed Crimea in March 2014 and pro-Kremlin separatists seized a swath of eastern Ukraine.

Ukraine halted its own direct imports of Russian gas in November 2015.

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Ukraine would lose around $450 million in annual revenue over the launch of the TurkStream gas pipeline, Head of Gas Transmission System Operator of Ukraine (GTSOU) LLC Serhiy Makogon has said.

"We will look for new markets. We will offer the capacities of this gas pipeline [southern direction] to other suppliers, and if gas appears in this region, which will be economically viable for import into Ukraine, suppliers will be able to use our gas transmission system," he said at a press conference at Interfax-Ukraine.

Earlier, Makogon said that gas through Ukraine in the Balkan direction from January 1, 2020 is transited only for the needs of Romania and Moldova. Bulgaria, Turkey and other countries in this region no longer receive gas through Ukraine. As a result, the decrease in transit through Ukraine this year will be about 15 billion cubic meters.

In turn, Executive Officer of NJSC Naftogaz Ukrainy Yuriy Vitrenko drew attention to the fact that the new operator should learn how to earn money by providing auxiliary services, since the loading of the gas transmission system of Ukraine with 90-110 billion cubic meters of gas is already impossible.

"We must be aware that bypass gas pipelines have already been built. Unfortunately, we have lost these volumes, and the possibility of replacing them is, frankly, unrealistic. We should expect that the volumes of transit through Ukraine are unlikely to be the same as before," he said.

The TurkStream gas pipeline directly connects the Turkish gas transmission system with the largest gas reserves in Russia and ensures reliable energy supplies to Turkey, South and Southeast Europe. TurkStream will annually supply up to 31.5 billion cubic meters of natural gas to the region. The gas pipeline has been operating since January 1, 2020, providing Russian gas supplies to Bulgaria and the west of Turkey instead of the previously used Trans-Balkan pipe (through Ukraine, Moldova and Romania).

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Head of Gas Transmission System Operator of Ukraine (GTSOU) LLC Serhiy Makogon counts on the start of test gas supplies to Ukraine via the Trans-Balkan gas pipeline in January.

"We are looking for new opportunities of using the existing infrastructure (of the Trans-Balkan gas pipeline) and have achieved the creation of a new corridor for gas supplies to Ukraine from Bulgaria, Turkey and Greece in the amount of up to 15.8 million cubic meters per day on its basis. We are counting on test deliveries already in January," he wrote on his Facebook page on Wednesday evening, commenting on the official launch of Turkish Stream on January 8.

Sources: 3e-news.net, Tanjug.rs, Bulgarian National Radio, Euractiv, Reuters, Interfax

Alexandroupois FSRU

Today, 08.01.2020 Bulgartransgaz EAD concluded a Preliminary contract for sale and purchase of 20% of Gastrade S.A. share capital, the project company, which will implement the Liquefied Gas Terminal near Alexandroupolis, Northern Greece. The document was signed by

Bulgartransgaz EAD Executive Director Mr. Vladimir Malinov and the main shareholder in Gastrade S.A. Ms. Asimina – Eleni Copelouzou, in the Council of Ministers hall in the presence of the Deputy Prime Minister for Judicial Reform and Minister of Foreign Affairs Mrs. Ekaterina Zaharieva, the Energy Minister Mrs. Temenuzhka Petkova and Her Excellency Herro Mustafa, U.S. Ambassador to the Republic of Bulgaria.

Bulgartransgaz EAD participation in the project for a new LNG terminal in Greece is enshrined in the updated 2020 Energy Strategy of Bulgaria "For reliable, efficient and cleaner energy" and was approved by a decision of the Council of Ministers adopted at today's meeting. The decision also approved Bulgartransgaz EAD investment costs to be incurred in construction of the facility according to its shareholding.

This is another significant step towards implementation of the overall Balkan gas hub concept, which envisages, by construction and development of the necessary gas transmission infrastructure, to connect the natural gas markets of the Member States in Central and Eastern

Europe. The concept implementation is necessary to establish a transparent, liquid and reliable natural gas market not only in Bulgaria but also in the region.

The LNG project near Alexandroupolis, Greece, has been designated by the European Commission as a project of "common interest" for the Member States. The project has been identified by the High Level Group on Gas Connectivity in Central and South-East Europe (CESEC), as well as by the European Strategy for Energy Union. The LNG terminal in Alexandroupolis is being fully implemented in pursuit of the policy and priorities for establishing a single interconnected pan-European energy market. Its implementation will improve security of supply and provide further diversification of natural gas sources in the region.

The LNG terminal project in Alexandroupolis, as part of the Balkan Gas Hub, is in synergy with other infrastructure projects in the region, such as the Interconnector Greece-Bulgaria (IGB). These projects, along with Bulgartransgaz EAD existing infrastructure, will improve the access of Bulgaria and the countries in the region to liquefied natural gas. Major LNG suppliers to Alexandroupolis terminal are expected to be companies from the USA, Qatar and others. In addition to diversification of sources, project implementation will foster competition between the various natural gas suppliers in the region, as well as between participants in the Balkan Gas Hub platform, where transactions by a number of trading companies are already being made.

Today's decisions are important for the implementation of a gas distribution centre on the territory of the country and will enable Bulgaria to take full advantage of the new opportunities that the supply of liquefied natural gas offers.

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Gastrade SA on Friday announced the launch of the second stage of the market test for the Alexandroupoli liquefied natural gas terminal it is developing. This is the binding bids phase for capacity reservations in the project.

Companies that have already expressed an interest in the first stage of the market test are eligible to submit binding offers to Gastrade.

New interested participants are also allowed to enter this second phase of the market test.

The deadline for interested participants to submit their offers is February 24.

In the first phase 20 companies submitted expressions of interest for a total of up to 12.2 billion cubic meters (bcm) per year of reserved regasification capacity at the floating terminal and delivery to the Greek National Natural Gas Transmission System.

The expressions of interest surpassed the technical capacity of the project, which is 5.5 bcm per year.

Source: Bulgartransgaz, Ekathimerini

Nord Stream 2

Offshore installation contractor Allseas has suspended pipe-laying works on the Nord Stream 2 gas pipeline linking Russia and Germany, citing the sanctions from the U.S. introduced on December 20.

The U.S. National Defense Authorization Act (NDAA) stipulates impositions of sanctions on foreign persons "with respect to the provision of certain vessels of the construction of certain Russian energy export pipelines."

The U.S. has said it is acting in the interest of Europe's energy security, with the U.S. politicians describing the Russian pipelines to Europe as political tools for Russia to deepen dependence rather than strengthen the security of Europe.

According to the NDAA text, entities and persons that provided vessels that engaged in pipe-laying at depths of 100 feet or more below sea level for the construction of the Nord Stream 2 pipeline project, the TurkStream pipeline project, or any project that is a successor to either such project; and (B) foreign persons have knowingly sold, leased, or provided those vessels for the construction of such a project would be subject to U.S. sanctions in the form of their U.S. visas being denied or revoked, and their U.S. properties blocked.

Allseas said over the weekend: "In anticipation of the enactment of the National Defense Authorization Act (NDAA), Allseas has suspended its Nord Stream 2 pipe-laying activities."

Allseas said it would proceed consistent with the legislation's wind-down provision and expect guidance comprising of the necessary regulatory, technical and environmental clarifications from the relevant US authority.

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Russian Prime Minister Dmitry Medvedev said on Monday that the Nord Stream 2 gas pipeline would be completed in a matter of months and U.S. sanctions imposed on the project last week would not be "catastrophic".

Russia's new gas transit deal with Ukraine would also mollify the impact on Russian gas supplies of U.S. sanctions introduced on the pipeline project, he said.

Around 160 km (100 miles) of the gas pipeline, which will supply Russian gas to Germany and other European countries, remains to be laid, the consortium behind the project said earlier on Monday.

The United States says the pipeline, which will run along the Baltic Sea floor, will make Europe too reliant on Russian gas. Russia says Washington is using sanctions as an economic weapon to increase U.S. liquefied natural gas sales to Europe.

"Of course we will finish building (the pipeline)... Gazprom has alternative options for how to lay it. It will take a little more time, but that's no big deal," Medvedev told journalists, adding that it could take a couple more months.

“There’s nothing catastrophic about (the sanctions), especially considering the fact that we have already reached an agreement with the Ukrainians about transit,” Medvedev said.

With Nord Stream 2, Russia has planned to bypass Ukraine with which it has had a number of gas disputes in the past. Over the weekend, Moscow and Kiev managed to prevent another gas conflict, signing a new five-year transit deal days before the existing one expires at the end of 2019.

Medvedev described the tariff terms of the new gas transit deal as suitable for Moscow. “It’s a very humane tariff, I would say,” he said.

More than 2,300 km of the Nord Stream 2 pipeline has been laid to date. The pipeline will be about 2,460 km long when completed.

After the sanctions bill was signed on Friday, Nord Stream 2 said it aimed to complete the project but did not provide details.

Russia is exporting gas to Europe via a number of routes, with Ukraine remaining the key one. Two other routes are the Yamal pipeline via Belarus and Nord Stream 1 via the Baltic Sea to Germany. Europe gets over a third of its gas needs from Gazprom.

Nord Stream 2 is aimed at doubling the existing Nord Stream 1’s export capacity to a total of 110 billion cubic meters a year. Gazprom has planned to start Nord Stream 2 in the first half of the next year.

Germany is Nord Stream 2’s main supporter in western Europe. A member of German Chancellor Angela Merkel’s conservatives said on Monday that sanctions were expected to delay completion of the project by several months and increase its cost.

Medvedev has ordered the Russian government to work out retaliatory measures following U.S. sanctions on the Nord Stream 2 gas pipeline, Interfax news agency reported on Monday.

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Germany’s finance minister and vice chancellor, Olaf Scholz, said Berlin “firmly rejects” U.S. legislation imposing sanctions on firms laying the Nord Stream 2 gas pipeline from Russia to Europe.

“Such sanctions are a serious interference in the internal affairs of Germany and Europe and their sovereignty. We firmly reject this,” Scholz told German broadcaster ARD in comments released on Saturday. But he rejected countermeasures.

“It is now up to the companies involved in the construction of the pipeline to make the next decisions. It is clear to us that we will not accept the imposition of such a sanction, and we will make this clear to the American government,” he added.

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Russian President Vladimir Putin said he hoped the Nord Stream 2 gas pipeline would be completed by the end of the year or in the first quarter of 2021, after sanctions imposed by the United States delayed construction.

The pipeline, which will carry Russian gas to Europe avoiding transit across Ukraine, requires some 160 kilometres of pipes to be laid and was initially expected to be in operation in the first half of 2020.

Last month, the Swiss-Dutch company Allseas suspended pipe laying after Washington imposed sanctions against Nord Stream 2, saying the pipeline would make Europe too reliant on Russian gas.

“We, of course, would be able to finish construction on our own and without involving foreign partners,” Putin told a joint press conference with German Chancellor Angela Merkel on Saturday in Moscow.

Russian state gas company Gazprom has two pipe-laying vessels which it could use to do the job.

“I believe that this project is legitimised by new European regulation and that we therefore should complete it,” Merkel told the same press-conference.

She added that irrespective of Nord Stream 2, Germany and other European countries “all have an interest in the diversification of their gas deliveries and will continue to work in this direction.”

Sources: Offshore Energy Today, Reuters

Companies

OMV Petrom

OMV Petrom S.A. (OMV Petrom), reached an agreement for the transfer of 40 onshore oil and gas fields in Romania to Dacian Petroleum S.R.L. as part of a business transfer arrangement. The transfer of rights and obligations under the concession agreements is subject to approval by the relevant authorities, pursuant to the Petroleum Law.

The transfer is part of the portfolio optimization program within the Upstream Division of OMV Petrom, which aims to streamline operations and focuses on the core and most profitable fields.

The 40 fields to be transferred, located in Southern Romania, have a cumulated oil and gas production of approximately 1,700 boe/day, representing roughly 1% of OMV Petrom's production.

Dacian Petroleum S.R.L. enters into the business transfer arrangement with a view to extending the life cycle of the 40 fields, which are considered marginal for OMV Petrom. Under the agreement, OMV Petrom will also transfer wells and related oil and gas infrastructure, together with approximately 190 employees.

The selection process for the company to take over the licenses was conducted according to best international practices. The process spanned over 30 months and several operating companies from Romania and abroad participated in it.

This is the third divestment within OMV Petrom's Upstream portfolio optimization program. Previously, 28 other fields were divested: 19 fields in August 2017 and another 9 in March 2019, all to Mazarine Energy Romania S.R.L.

Source: OMV Petrom

Balkan and Black Sea Petroleum Association
Monthly Bulletin
15th of January 2020

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