

Balkan and Black Sea Petroleum Association

15th of March 2021 – 15th of April 2021

BBSPA Monthly Bulletin

Oil and Gas Prices

Oil Price

The strengthening dollar and mounting lockdowns in Europe caused oil price to drop while blockage of the Suez Canal did not have an impact. Despite the drop down, oil is still up and there is confidence in the longer-term outlook for demand as coronavirus vaccinations accelerate worldwide and OPEC+ continues to hold back supply.

US increased numbers of active rigs in a steady upward trend attributed more to oil, while gas rigs were static.

[Rigzone, Platts](#)

Oil prices increased as the U.S. has been making good Covid progress, while challenges remain in Europe surrounding the vaccination pace and the spike in cases.

[Rigzone](#)

Gasoline crack spread reached highest values since 2017 as Europe's oil refineries boost exports but produce less fuels in line with scheduled overhaul. The strength of gasoline prices is seen to last not too long when refiners will bring back more capacities. With air traffic still more than 60% below the pre-pandemic level, refiners are still shifting jet fuel production into diesel, adding to supplies and pulling down prices.

[Rigzone](#)

EIA has again raised its Brent forecast to \$62.28 per barrel this year and \$60.49 per barrel in 2022. WTI spot prices are expected to average \$58.89 per barrel in 2021 and \$56.74 per barrel in 2022.

[Rigzone](#)

In March 2021 US WTI spot crude oil price was around \$62/bbl.

Gas Prices

Henry Hub average spot gas price was €15.8/Mwh.

Spot gas prices in the region in March

Desfa reference price was €17.6/Mwh

Bulgarian Gas Hub price was €18.4/Mwh

Romanian Gas Exchange price was €20.4/Mwh

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Hungarian Gas Exchange price was €17.9/Mwh

CEGH spot gas price was €18.2/Mwh

Lower-than-usual temperatures for this time of year have greatly increased the pressure on natural gas prices, driving prices higher. In some markets, such as that of the UK, the strong demand for gas has also been attributed to factors other than the low temperatures, such as reduced wind energy production. The higher gas demand has prompted an increase in LNG tanker deliveries to European destinations. A total of 10.2 billion cubic meters were added to European terminals in March, the highest level recorded since April, 2020, and almost double the 5 bcm figure registered in January. Low gas prices at European hubs earlier this year resulted in LNG tanker routes to Asian markets, where prices and profit margins were greater. Higher prices in Europe are now bringing back tankers to the continent.

[Energypress.eu](https://energypress.eu)

European Gas Price

European gas prices jumped to seven-week highs trading amid the prospect of colder weather and some lingering supply constraints. The front month Dutch TTF contract gained EUR 0.42 to EUR 19.05/MWh, while its NBP counterpart rose 0.66p to 46.60p/th, broker data showed.

[Montel](#)

Bulgaria

Bulgarian energy regulator found that the revenues of Bulgargaz for 2020 were more than in accordance with the approved gas prices and reduced correspondingly the gas price of Bulgargaz for April 2021 by the amount of the overstated revenue.

[Trud](#)

Bulgargaz gas price for June was quoted to be BGN 35.74 / MWh (EUR 18.27/Mwh). The estimated price for May is BGN 34.44 / Mwh. (EUR 17.60/Mwh).

[Trud](#)

Electricity Price

Bulgaria

Bulgarian electricity suppliers - CEZ, EVN and Energo Pro, have submitted to the Energy and Water Regulatory Commission requests for tariff increases for the next one-year price period, which starts on July 1. According to the proposal the monthly bills will increase with about 2%. CEZ will equalize the night and day tariffs, EVN will introduce an access fee for charging the consumer no matter whether there will be consumption of electricity.

[Sega](#)

Gas Demand, Supply and Trade

US

According to EIA, U.S. natural gas production will increase in 2021, while demand declines to 90% of the production for a second year in a row as rising gas prices allow renewables and

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coal to take some of gas' market share in the power sector. The agency forecast liquefied natural gas exports would reach 8.46 bcf/d (87 Bcm) in 2021 and 9.22 bcf/d (95 Bcm) in 2022, up from a record 6.53 bcf/d (68 Bcm) in 2020.

[Reuters](#)

LNG

LNG deliveries expanded as Asia and Europe refilled inventories drained over the winter, and as pandemic-ravaged economies slowly begin to reopen. While European imports rebounded as declining stockpiles and strong spot prices attracted cargoes from U.S. export projects, Asian importers anchored the growth. Output from the U.S. surged to a record high as projects ramped up production, while exports from Algeria, Oman and Egypt also expanded.

[Riqzone](#)

Turkey

The new Ertuğrul Gazi FSRU was reported to enter Turkey to operate at the Gulf of Saros, in addition to the two FSRUs which already operate in the country.

[Daily Sabah](#)

Ukraine

The Gas Transmission System Operator of Ukraine said that will consider booking from the announced by LNG Croatia free capacities starting from 2023-2024.

[Ceenergynews.com](#)

Hungary

Srbijagas said that as of 1 October Serbia will become a gas transit country, because then it should start supplying Hungary and central Europe with Russian natural gas via TurkStream pipeline, In the first year, the available capacity towards Hungary and central Europe will be 6.5 billion cubic meters, which would later be increased to 8, and ultimately 10 billion cubic meters of gas per year.

[Serbia-energy.eu](#)

Moldova

Moldova is expected to decrease its tariffs for transmission through the Trans-Balkan pipeline in a bid to attract more companies to use the corridor linking Ukraine to Romania and the Balkans. The regulator ANRE is expected to approve a new EU-aligned tariff calculation system which will replace the existing distance-based calculation with EU-type entry-exit tariffs. Tariffs are expected not to include any seasonal variations. The tariffs were reportedly calculated based on the assumption that Moldova would be importing 1.2 billion bcm of gas annually for its own needs and transit another 4 bcm/year.

[Icis.com](#)

Gas Storage

Bulgaria

Bulgartransgaz has signed a 52.7 million euro contract for drafting an investment project for the upgrade of the above-ground facilities of the Chiren natural gas storage with a consortium of DIAG Industries, Turbine Spare Parts Services Partners and Chimcomplex Engineering.

[Seenews](#)

Greece

DESFA-GEK TERNA and Energean Oil & Gas have advanced to the second-round, binding-offers stage of a tender offering development and operation of an underground natural gas storage facility in the almost depleted natural gas field of "South Kavala", while China's CMEC-MAISON GROUP failed to qualify. The share of the UGS's capacity to be regulated and the percentage of capacity whose earnings will be shaped by the market are still not defined. The regulatory period also need to be decided. The final stage of this tender appears most likely to take place early in 2022.

[Energypress.eu](#)

Decarbonisation

Romania

The European Commission completes its investigation to evaluate whether the state aid from Romania state to support coal and power complex CE Oltenia complies with the EU regulations. Romania's Government wants to give CE Oltenia over EUR 250 mln to cover the company's costs with emission certificates until 2025.

[Romania-insider.com](#)

Romania's Government will allocate EUR 20 mln of state aid to the coal and power complex CE Hunedoara, currently under insolvency to finance the closure of two coal mines Lonea and Lupeni.

[Actmedia](#)

Enel has signed an agreement with Monsson group to build 1,000 MW worth of renewable projects in Romania, half wind and half solar. The agreement also includes the development of more than 300 MW in storage batteries

[Romania insider](#)

Bulgaria

According to the ten-year plan for the development of the networks of Bulgartransgaz until 2030, in the next three or four years, infrastructure for the transmission of hydrogen and natural gas is planned to be built to reach coal producing region of Bulgaria and to the coal-fired plants Maritsa-East 2, Bobov Dol, ContourGlobal Maritsa-East 3 and AES Galabovo. . Financing is expected to come from the EU Recovery Plan and own funds

[Capital](#)

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The Minister of Economy of Bulgaria will coordinate the hydrogen policy of the country and together with the Minister of Energy, the Minister of Transport, Information Technology and Communications, the Minister of Education and Science and the Chairman of the State Agency for Research and Innovation will prepare a National Hydrogen Concept.

[Banker](#)

According to the draft of Bulgarian Recovery and Sustainability Plan, at the site of TPP Maritsa East 2 state-owned coal fired power plant a new plant with modern technology will be built which will use coal, but the CO₂ will be stored in high pressure containers, which will be sent by rockets into space. Coal mines areas will be covered with photovoltaic systems which will be placed at a certain height so that livestock can develop under them. Energy storage will be used to store electricity. The plan will be supported by Bulgarian Energy Holding.

[3e-news.net](#)

Uniper

According to Uniper, EU carbon prices would need to rise to EUR 200 to 250/t to make burning clean hydrogen in gas-fired power plants viable today.

[Montel](#)

EU

European Commission has launched an open public consultation on revising the Gas Directive and Gas Regulation in the context of the European Green Deal. The Consultations relate primarily to the cost-efficient decarbonisation of the existing gas sector. This includes questions on how to enable and foster a market for renewable and low carbon hydrogen, allowing it to become a key component of the energy sector.

[EU](#)

Greece

Greek energy regulator RAE published the decision to shut down the northern Greece Public Power Corporation plants of Kardia 1 and 2 and Amyntaio 1 and 2. The four plants have a combined production capacity of 1,200 megawatts and their closure formally reduces the country's lignite-powered output by 27%. Kardia units were responsible for emitting more than 15 times the levels of dust particles permitted by EU regulations and the two Amyntaio plants exceeded sulfur dioxide emission levels sixfold.

[Ekathimerini](#)

Legal and Regulatory Framework

EU

The European Commission plans to postpone a decision on whether nuclear and gas power plants are sustainable investments under environmental funding rules. On 21 April, the EU will publish the first section of its "Sustainable Financial Taxonomy", a long list of economic activities plus the specific rules they must follow in order to be labeled as green investments in the EU and therefore financed by public funds, which includes renewable energy sources. Gas and nuclear energy will be a subject of a separate decision to be made at a later stage.

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[Economic](#)

Bulgaria

Bulgarian energy regulator approved 35-year licenses for operating of gas exchanges for two companies – for Balkan Gas Hub and for the private company Bulgarian Energy Trading Platform. Balkan Gas Hub, which is a subsidiary of Bulgartransgaz, operates since January 2020 with insufficient liquidity and adding another gas exchange will decrease traded quantities. The new gas exchange has agreed with Balkan Gas Hub not to trade gas quantities of Bulgargaz subject of gas release programme. Among the shareholders of Bulgarian Energy Trading Platform with a biggest share is the co-shareholder of Agropolyhim – one of the biggest gas consumers in Bulgaria.

[Mediapool.bg](#)

Bulgarian coal-fired 630 MW power plant Bobov Dol was quoted to intend plans to build a photovoltaic park at the site of a former ash dump.

[Seenews](#)

Bulgarian government decided the dividend of state-owned companies, like Bulgargaz and Bulgartransgaz, for 2020 to be 50%.

[3e-net](#)

Romania

A meeting with OMV Petrom in the Romanian parliament was recently held at which creation of a fund was discussed, which would be formed from the taxes from the production activities in the Black Sea. The funds would be used for financing major investments necessary for the development of Romania.

[Actmedia.eu](#)

Hungary

The Hungarian energy regulator, MEKH, has proposed a decrease in the gas tariff at the entry interconnection point (IP) from Croatia to stimulate the transportation of gas from the Croatian LNG terminal to Austria via Hungary instead of via Slovenia.

[Energetika](#)

Romania

Romania's Energy Ministry has prepared a draft of the country's new Energy Strategy, which covers the period until 2026 according to which the share of renewable energy is envisaged to be 30.7% by 2030.

[Romania-insider.com](#)

Upstream

Greece

Upstream investment plans in Greece have been postponed and modified due to coronavirus and activation of decarbonization policies. Energean Oil & Gas and Hellenic Petroleum (ELPE) have been granted deadline extensions for preliminary exploration work at two blocks

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to which they hold licenses that were approved by Greek authorities in 2017 and 2018. . These extensions follow a decision, early this year, by Repsol and Energean to return to the Greek State their license to an onshore block. Also earlier this year, a third extension was granted to ELPE and Edison E&P (now Energean) for initial drilling at a Gulf of Patras block which has been extended to January, 2023.

Repsol has informed the Greek Hydrocarbon Management Company, of its decision to withdraw from the Ioannina block. Repsol's intentions concerning an offshore block in the Ionian Sea, for which it has formed a 50-50 joint venture with Hellenic Petroleum, remain unclear.

[Energypress, Energypress](#)

Albania

The Albanian National Agency of Natural Resources (AKBN) has announced a public call for oil exploration for the B and E onshore blocks, with commitment to drill at least one exploratory well with a minimum depth of 4,500m for block B and of 5,500m for block E and signature bonus of minimum 2.5 mln USD. The exploration permit envisages exploration period for maximum of five years, with a possible extension for another two years.

akbn.gov.al

Romania

The Romanian ministry of energy recently said that offshore law will be amended by the end of this parliamentary session, pursuing broader parliamentary support, not only from the coalition, and that Romgaz will submit an offer for the purchase of 50% of Neptun Deep project.

[Energynomics](#)

Montenegro

Eni and Russia's Novatek are starting drilling operations in waters offshore Montenegro, using Vantage Drilling's Topaz Driller jack-up rig. They will drill the first oil exploration well 14 nautical miles offshore with a planned depth of 6,525 meters. A second well will be drilled after the first one at a significantly lower depth. Eni signed a concession contract with Montenegro's government in 2016 for exploring and producing in the four offshore blocks of 1,228 km² in total. The first phase under the concession is for the duration of seven years. Eni and Novatek each have 50% in the project.

[Offshoreenergytoday](#)

Ukraine

President of Ukraine signed a decree on the cancellation of licenses and special permits for the production and use of Ukrainian subsoil for 19 companies. In 2021 all companies will be inspected, that have received a special permit for the use of subsoil without auctions and have not started activities, primarily oil and gas, within two years after obtaining permits.

Naftogaz and Polish Oil and Gas Company (PGNiG) have signed a memorandum of understanding to jointly consider on exploring opportunities for joint exploration of greenfield areas in Western Ukraine, bordering Poland

[Interfax, Interfax](#)

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Turkey

TPAO recently said that the second and third wells were drilled together with the completion of seismic interpretations in the 2,200-square-kilometer three-dimensional seismic area in the Sakarya Gas Field offshore Black Sea in Turkey. The testing process will start mid-next month.

[Sabah Daily](#)

Romania

Romgaz said that it has submitted a binding offer to acquire the 50% stake in ExxonMobil's share in Neptun Deep. The binding offer and the conclusion of the transaction are conditional upon approval by the extraordinary general meeting of shareholders of Romgaz scheduled for May 7. Romgaz was quoted to be the only bidder and the deal increasingly likely. It remains unclear which of the two partners will manage the project.

[Seenews, Romania insider](#)

The fixed platform for gas production from the Ana field offshore Romania has been installed by GSP, which also manufactured the facility. Black Sea Oil and Gas company is expected to start production from the field by the end of the year.

[Romania insider](#)

Pipelines Projects and Supply Options

Gas Interconnection Bosnia and Herzegovina Croatia

The Ministry of Energy, Mining and Industry of the Federation of Bosnia and Herzegovina has announced a public consultation on the draft law on the southern gas pipeline interconnection between Bosnia and Herzegovina and Croatia.

[Energetika.net](#)

Gas Interconnection Bosnia-Serbia

Srbijagas signed an agreement with Bosnian natural gas distributor Gas-Res for the construction of a 410 km long gas pipeline connecting the two countries as a continuation of TurkStream with planned capacity of 1.2 Bcm/y. The new gas pipeline should be completed in 2026, according to Republika Srpska's Ministry of Mining and Energy

[Seenews](#)

TAP

Trans Adriatic Pipeline (TAP) will launch in July a tender for binding offers for the potential expansion of the pipeline's capacity.

[Seenews](#)

Alexandroupolis FSRU

A final FID for the Alexandroupoli FSRU is expected this spring. The unit's launch is scheduled for the first half of 2023. DESFA, a potential member of the consortium to invest and operate the facility, is expecting approval from the EU competition authority. Gastrade, the project developer, has already completed the tender for the procurement of the floating unit. A preferred bidder has also been declared for the FSRU's subsea-and-overland pipeline, to link

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the floating unit with the country's gas grid. Bids for a tender offering a contract for the design, procurement and construction of the project's fixed mooring system were submitted in late-February.

Gastrade has signed agreements for the cooperation with National Energy Resources (NER AD) Skopje and AD Power Plants of Northern Macedonia (AD ESM) for the Alexandroupolis LNG Terminal. NER AD wants to acquire a share in the share capital of Gastrade, whilst AD ESM is interested in reserving capacity at the terminal on a long-term basis.

[Energypress, Offshore energy today](#)

IGB

Up to this moment 150 km of the 183-km route of the Greece-Bulgaria gas pipeline have been put on the ground, while 120 km have been welded and 70 km have been placed in trenches.

[Mediapool.bg](#)

Dioryga Gas FSRU

Motor Oil anticipates its "Dioryga Gas" FSRU project to offer yet another natural gas entry point to the domestic system, to be launched by the end of 2023. The capacity is estimated at 2-3 bcm /y. The "Dioryga Gas" FSRU project was incorporated into DESFA's ten-year development plan. Motor Oil intends to stage a market test in 2021

[Energypress.eu](#)

Nord Stream 2

Russian Energy Ministry continued talks with the European Commission on the search for a solution on lifting restrictions of Gazprom's use of only 50% of the capacity of the OPAL gas pipeline and the negative consequences from the amendments to the EU gas directive.

[Interfax](#)

Companies

Energear

The European Commission has approved Greek state aid to Energear Oil and Gas for a public guarantee on a commercial loan of €90.5 million to be contracted by Energear and a loan amounting to €9.5 million by the Greek State. Energear is currently facing difficulties in accessing financing on the market and the aid measures aim at addressing these liquidity needs

[EU](#)

MET

MET Group sold its 49,57% stake in the Hungarian natural gas distributor TIGÁZ Zrt. to Opus Global Nyrt. MET also acquired 100% of the Buzsák 77 MWp from Opus Global solar power plant project in Hungary. MET Group announced its European renewables expansion strategy in 2019. The energy company is dedicated to build 500+ MW renewables portfolio by 2023, consisting of solar and wind projects in the CEE region.

[MET](#)

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Bulgartransgaz

Bulgartransgaz signed contract with Atomenergoremont for the construction of the pipeline in the Srednogoie region and with OZK-insurance for insurance of the extension of Turkish Stream in Bulgaria.

[Capital](#)

Noble

Noble Corp. was reported to acquire Pacific Drilling Co. LLC. The acquisition will enhance Noble's position in the ultra-deepwater market through the addition of its technologically advanced ultra-deepwater drillships, which are highly complementary to Noble's existing fleet.

[Riqzone](#)

Uniper

Uniper presented a plan for closing its coal-fired power plants in Germany until December 2021. The closed plants will however remain an energy hub after the end of coal-fired power generation, with a comprehensive hydrogen infrastructure currently being constructed for that matter. The company said that will talk to each of its employees concerned at the site about either an alternative job within the company or an alternative offer based on the reconciliation of interests.

Uniper was awarded compensations for closing three of its coal-fired power plants at a tender run by the German energy regulator at a price of up to Eur59,000/MW with initial bid of Eur155,000/MW. Coal burning at the awarded units has to stop by Dec. 8 The regulator has scheduled auctions for compensations of closing coal-fired power plants till 2024. Uniper said that hydrogen and green gases were to play a central role in this shift.

[Offshoreenergytoday](#)

RWE

RWE has taken the financial investment decision on the 1.4 GW Sofia offshore wind farm project in the UK. RWE was awarded a Contract for Difference (CfD) for in 2019, achieving a strike price of £ 39.65 per megawatt-hour (in 2012 prices).

[Offshoreenergytoday](#)

Total

Total's shareholders will meet on 28 May to vote for or against a reduction in fossil fuels and changing the company name to TotalEnergies SE

[Offshoreenergytoday](#)

CEZ

CEZ said that it has completed the sale of its assets in Romania to Macquarie Group. The value of the deal was not disclosed. The European Commission approved the acquisition in January.

[Seenews](#)

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DEPA

DEPA Commercial was quoted to prepare participating in the next RES auction of RAE to be held under new terms expected soon to be approved by the European Commission.

Energypress.eu

DEDA

Greek gas distribution company DEDA is preparing to launch tenders next month for the construction of distribution networks covering the country's west.

Energypress.eu

Romgaz

Romgaz said that will consider a mix of financing to include a syndicated loan and bond issuance, in addition to own resources, to finance the takeover of the 50% stake in Neptun Deep offshore project from ExxonMobil and subsequent investments. Romanian and foreign banks have expressed interest to financing Neptun Deep. The company said it needs rating from two agencies to issue bonds.

Actmedia

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The logo for BBSPA (Balkan and Black Sea Petroleum Association) features the letters 'BBSPA' in a bold, purple, serif font. The letters are set against a light grey rectangular background that has a subtle horizontal gradient.

Balkan and Black Sea Petroleum Association

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