

Balkan and Black Sea Petroleum Association

15th of February 2021 – 15th of March 2021

BBSPA Monthly Bulletin

Oil and Gas Prices

Oil Price

In February 2021 US WTI spot crude oil price was around \$59/bbl.

OPCC+ decided not to increase production, with small exceptions for Russia and Kazakhstan, which supported the oil price to stay high and increase.

economic.bg

Gas Prices

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

Spot gas prices in the region in February

Desfa reference price was €17.6/Mwh

Bulgarian Gas Hub price was €15.9/Mwh

Romanian Gas Exchange price was €18.9/Mwh

Hungarian Gas Exchange price was €17.3/Mwh

CEGH gas price was €17.3/Mwh

US

Spot gas prices across the US West, the Rockies and Texas surged to multiyear highs because of the cold weather and strong heating demand which caused a regional competition for gas supply.

Platts

Bulgaria

Bulgaria's energy regulator approved a decrease of the wholesale price of natural gas to BGN 28.64 per MWh in March from BGN 30.39 per MWh in February.

Bulgargaz requested an increase in the price of natural gas by almost 13% from April 1 in its application to the energy regulator. The company expects the upward trend in price to continue in May.

Seenews, investor.bg

Ukraine

Ukrainian government said it will oblige Ukrkazvydobuvannia to sell its gas on terms no worse than Naftogaz

[Interfax](#)

Carbon Price

The price of emitting a ton of carbon dioxide in Europe pushed up again to a new all-time high of over Eur42/mt after the EU Parliament backed a proposed Carbon Border Adjustment Mechanism (CBAM) on March 10. The market has also taken support from strength in the wider energy complex as well as ongoing bullish sentiment over an expected longer-term tightening of supply.

[Platts](#)

Gas Demand, Supply and Trade

According to *Gas Exporting Countries Forum*, which represent 19 member countries (including Russia, Iran, Qatar as members and Norway and Azerbaijan as observers) and which possess 70% of the world's proven gas reserves, gas is expected to become the primary fossil fuel of the XXI century by 2050. The share of gas in the energy mix will increase from currently 23% to 28% in 2050. Gas will expand across Asia Pacific, North American and Middle Eastern markets. Natural gas will overtake coal in 2025 and become the largest global primary energy source by 2047, with oil plateauing around 2040 and then beginning its irreversible decline. Renewables' share in the global energy mix will rise from 2% in 2019 to 10% in 2050. Asia Pacific region, given its enormous potential, will become the largest gas consumer, doubling its consumption to 1,660 bcm by 2050.

[Gecf.org](#)

Transgaz said that its legacy contract with Russia's Gazprom Export for gas transit through the Negru Voda - Isaccea 3 pipeline connecting Bulgaria to Ukraine via Romania was terminated by the mutual consent of the parties.

The agreement for the termination of the legacy contract valid until the end of 2023 was signed following intense negotiations between the European Commission, Transgaz SA and Gazprom Export regarding the gas transmission through the T3 transit pipeline on the territory of Romania to third countries.

The agreement also creates the necessary framework for the conclusion of the Interconnection Agreements for Isaccea 2, 3 and Negru Voda/Kardam 2, 3 Interconnection Points, ensuring the free access of third parties to capacity booking on the T2 and T3 transit pipelines.

[Seenews](#)

Ukraine

Ukraine recently reaffirmed the plans, thanks to the discovery of new fields, to fully cover domestic consumption by 2025.

[Interfax](#)

Gas Storage

Bulgartransgaz announced that its 2.8 million euro tender for drafting an investment project for the upgrade of the above-ground facilities of the Chiren natural gas storage has attracted three offers.

[Seenews](#)

Kavala UGS Project

Greek privatization fund TAIPED is expected to have completed its appraisal of first-round bids in a tender offering development and operation of an underground gas storage facility (UGS) in the depleted natural gas field of “South Kavala” next month. For the time non-binding expressions of interest been submitted by China Machinery Engineering Co. Ltd. (CMEC) – Maison Group; DESFA – GEK Terna; and Energean Oil & Gas. Completion of privatization is expected to happen not sooner than next autumn. Rae has to deliver operating framework, which will determine the pricing system and the facility’s earnings to be regulated and to be subjected to coimpetitive procedure.

Energypress.eu

Decarbonisation

EU

The European Parliament and the Council agreed on the Connecting Europe Facility (CEF) proposal, worth €33.7 billion, as part of the next long-term EU budget 2021-2027. It will contribute to the ambitious targets for the European Green Deal as a result of which 90% cut in emissions will be achieved by 2050. It will support the priorities of the revised TEN-E policy framework as proposed by the Commission at the end of last year with targeted financial support for key infrastructure projects that link EU energy systems

[European Commission, Actmedia](#)

European Commission recently stated that there is no future for coal in Europe and Romania should follow Germany in phasing out the use of coal in thermal power plants. Miners’ unions should make realistic plans to give up coal by adopting social measures, while hydrogen is the energy of the future and gas should be regarded as transitional fuel, not an end goal.

[Romania-insider](#)

UK

The UK government was quoted that will to impose a ban on new exploration licenses in the North Sea after reports that ministers were considering a moratorium on new drilling. Exploration bans in territorial waters have already been imposed by Denmark and Ireland. The UK has committed to a net zero emissions target by 2050 and plans to ban the sale of internal combustion engine vehicles by as early as 2030. UK authorities said they will agree a transformational North Sea Transition Deal with industry in the coming months to create jobs, retain skills and deliver new business and trade opportunities to support the sector's transition to a lower carbon future. The UK's top oil and gas industry lobby group also warned that any moves by the government to prohibit drilling in the North Sea would increase fossil fuel imports and slow the energy transition, highlighting the industry's contribution to areas such as carbon capture and storage.

[Platts](#)

Greece

PPC and RWE are considering installing photovoltaic parks of 2 Gigawatts in Western Macedonia in Greece. In the long run RWE has the ambition to be one of the key drivers of the Greek energy transition in the context of Greek government’s ambitions to phase out lignite

generation at the latest by 2028. RWE stated that they are consistently withdrawing from fossil energy sources to become carbon neutral by 2040.

[Kathimerini](#)

Ocean Winds, a joint venture between EDP Renewables and ENGIE, has signed a collaboration agreement with the Greek renewable energy company Terna Energy to co-develop floating offshore wind projects in Greece. The target projects will be of 1.5 GW capacity.

[Offshore energy](#)

Romania

Romania Hidroelectrica, is summoning its shareholders on March 29, 2021, to approve a memorandum with Austria's largest electricity provider Verbund in order to jointly develop the project "Green Hydrogen @ Blue Danube" aimed at producing, transporting and selling "green" hydrogen.

[Zfenglish.com](#)

Greenpeace in Romania said that the plan submitted by the Romanian Government to the European Commission for the restructuring of Romanian coal and power group CEO has no chance of being approved in its current form. According to Greenpeace, the power group risks having to pay penalties as the Government will not be able to help it purchase the necessary emission certificates by the deadline at the end of April and the solution is in investing heavily in renewable energy.

[Romania insider](#)

Black Sea

The World Bank has estimated that Black sea has 453 GW of technical offshore wind potential – 269 GW for bottom-fixed and 166 GW for floating offshore wind. The Romanian Parliament is debating a draft Offshore Wind Bill. And Bulgaria is starting to look into offshore wind deployment as well. Neither of the two countries currently foresees offshore wind deployment in their 2030 National Energy & Climate Plans and it was declared that should be changed for the next update of the plan by 2023. Regulatory framework should be developed and contracts for difference would be preferred to finance offshore wind in the Black Sea.

[Windeurope](#)

Croatia

Croatia announces auction for 400 MW of solar and wind capacities. The auction rules will prevent the possibility that just one or two projects get the entire quota of 400 MW

[Balkan energy green energy news](#)

Bulgarian electricity TSO said that Bulgaria will increase the installed capacity for renewable energy from 1.8 GW to 4.3 GW by 2024. Solar power plants accounted for 1.1 GW at the end of 2020 while wind farms had 700 MW in total. It is projected that in the period 2020-2024, wind farms of 700 MW, solar parks of 1.6 GW and 219 MW in biomass capacity will be installed in Bulgaria. Electricity from all new capacities will be sold on the free market without supporting schemes.

[Balkangreenenergynews](#)

Legal and Regulatory Framework

Serbia

Serbian energy ministry said that there are delays concerning the restructuring of Srbijagas, which is a matter of resistance to change and about transparency rather than obligation with the Energy Community. Serbia's energy ministry rejected the adoption of the business plan of Srbijagas for 2021, proposed by its current management. The Energy Community stated last year that Srbijagas continued to be engaged in both supply and transmission as the two subsidiaries were far from being independent system operators.

[Seenews](#)

Bulgaria

Bulgarian competition authority granted approval to local natural gas distribution company Aresgas to acquire 100% of Atlas Utilities - the majority owner of gas distributor Primgas. The Regulator said that Aresgas and Primagas hold licenses for and operate in different regions in the country so the acquisition will not change their market position.

[SeeNews](#)

Bulgarian energy regulator received applications from Bulgartransgaz subsidiary Gas Hub Balkan and private Bulgarian Energy Trading Platform to operate gas exchanges and be granted licenses for 35 years. Bulgarian law allows for licensing of more than one gas exchange in spite of the fact that the volumes traded so far at Balkan Gas Hub were small and insufficient.

[Duma](#)

The Bulgarian Energy Holding (BEH) is preparing to file a lawsuit against Sofia's heating utility Toplofikacia Sofia if the company does not start paying off its nearly BGN 700 mln debt.

[expert.bg](#)

Greece

The Greek government decided to postpone the procedures for major energy-sector privatizations due to uncertainties caused by the pandemic over the past year. Binding-bid deadlines for the sales of DEPA Commercial and DEPA Infrastructure will be reset for early autumn. In addition investors are demanding protection in the form of guarantees should any court verdict require DEPA Commercial to compensate ELFE over a gas-pricing dispute. Authorities are also examining the possibility Eni to sell their 49 percent share in the gas distribution company EDA THESS after the privatization. Hellenic petroleum privatization plan will be put on hold because of the unfavorable global industry situation.

[Energypress.eu](#)

Upstream

Bulgaria

Bulgarian government decided to cancel the tender for oil and gas exploration in Block 1-26 Tervel (formerly Teres because no one has shown interest in participating).

[Sega](#)

Romanian energy ministry announced that Romgaz will submit a bid for 50% stake held by ExxonMobil in Neptun Deep in the next couple of months.

[Romania insider](#)

Georgia

OMV Petrom signed the Production Sharing Contract (PSC) for the offshore Block II with water depths between 400 and 2,000 meters, which covers a total area of 5,282 square kilometers, in the exclusive economic zone of the Georgian Black Sea with Georgia's State Agency of Oil and Gas. PSC provides for the exploration, development, and production of hydrocarbons. OMV Petrom will establish a company in Georgia, proceed with geoscientific and environmental studies in 2021, and prepare a large offshore 3D seismic campaign in 2022

[Romania insider](#)

Turkey

TPAO plans to drill one exploration well by the end of this year in one of the potential prospects, in addition to the Sakarya gas field discovery. The plans for Sakarya gas field are to drill 10 development wells in the first phase of the project, starting from the first quarter of 2023 and produce a total of 10 mln cbm per day

[Daily Sabah](#)

Montenegro

Eni and Novatek plan to start the first exploratory oil and gas drilling offshore Montenegro under a concession contract signed in 2016 for four blocks with a total area of 1,200 km² located in Montenegrin territorial waters. Eni and Novatek completed 3D seismic surveys at the end of 2018 and the collected data was processed the following year. Novatek and Eni each hold 50% stake in the concession. The drilling will last for between four and six months.

[Seenews](#)

Pipelines Projects and Supply Options

Bulgaria-Serbia Gas Interconnection

Bulgartransgaz announced that there are 11 candidates in the public tender for the construction of the Bulgaria-Serbia bi-directional, 1.8 Bcm/y gas connection, worth BGN 143.6 million, among which are consortium Arcade, the Italian Bonat, Glavbolgarstroy, GP Group in a consortium with Groma Hold, Klimatronic, Atomenergoremont. Bulgartransgaz has not yet set a date for the opening of price offers. The implementation period is 350 days, it is expected the pipeline to be completed by May 2022. EUR 27 million under the Connecting Europe Facility were provided and EUR 2.7 million under Operational Programme Innovation and Competitiveness. Serbia will start a tender procedure for selection of a gas pipeline construction company on Serbian territory shortly.

Serbia has launched a tender for the construction of the 109 km Nis-Dimitrovgrad pipeline linking Bulgaria and Serbia. The total estimated investment value of the project is 85.5 million euro and it will be financed through 49.6 million euro in non-refundable aid from the European Union, a 25 million euro loan from the European Investment Bank and funds provided by state-owned gas monopoly Srbijagas. Contractor will be selected by the end of May, and construction works can begin in the summer.

[Banker, Seenews.com](#)

IGB

Bulgarian prime minister recently reiterated and insisted on the completion of IGB till the end of 2021 which is the most important project for the diversification of gas supplies. 183 kilometers of pipes were reported to have been manufactured and delivered. Over 170 km have been cleared and the route is prepared for further activities. Over 128 km of the delivered pipes were reported to have been delivered along the route and more than 101 km of the delivered pipes have been welded.

[Mediapool](#)

Nord Stream 2

A subsidiary of Germany's Munich Re will no longer insure the Nord Stream 2 pipeline amid the fear of sanctions by the U.S. government. Zurich Insurance Group dropped out last month because of the same reason. The pipeline is more than 90% built, but much of the remaining work is difficult and in deep waters off Denmark.

Sanctions law that went into effect on Jan. 1 would require the administration to sanction named companies, but President Joe Biden administration would like to delay imposing any measures that would quickly kill the project.

The US Senate voted against the 1 Trump's veto on the bill which expands the threat of US sanctions against companies that provide services to ships laying the Nord Stream 2 pipe and companies that carry out pipeline testing, inspection or certification activities

Pipelaying vessel, the Fortuna, and its Russia-based owner KVT-RUS are continuing work, but at a lower speed compared to Pioneering Spirit, which laid much of Nord Stream 2 before its owner Allseas halted work in December 2019

The Nord Stream 2 would try to bring Russian-owned Akademik Cherskiy, which has dynamic position capabilities and make the work go faster.

[Reuters, Reuters, Spglobal](#)

Hungary-Romania Interconnection

The capacity of an interconnector between the gas networks of Hungary and Romania will more than double from an annual 1.75 billion cubic meters to 4.4 bcm, which was commented to enable gas produced in the Black Sea to be supplies to Hungary.

[Budapest business journal](#)

LNG

DESFA has reached a finalized investment decision to develop a new small-scale LNG jetty at its LNG terminal on the islet Revythoussa. The new LNG jetty, budgeted at 20.4 million euros, is planned to begin operating in autumn, 2022 and will supply small-size gas-fueled vessels.

[Energypress](#)

Excelerate Energy said it has signed a memorandum of understanding with ExxonMobil LNG Market Development Inc and Albania for the potential development of a LNG import terminal in the port of Vlora. Excelerate will carry out a feasibility study for a potential project that will include the development of an LNG import terminal, converting and/or expanding the existing Vlora thermal power plant (TPP) and the launch of small scale LNG distribution to Albania and the Balkan region.

[Seenews](#)

Companies

Romgaz said that its net profit rose 15% year-on-year in 2020.

Romgaz was quoted to be in talks to acquire the 50% stake that ExxonMobil in Neptun Deep. *Romgaz* is seeking the approval of its shareholders to hire an advisor on the possible acquisition of an unspecified stake. The shareholders of the company will vote on the proposal at a meeting scheduled for March 11.

[Seenews, Seenews](#)

Balkan Gas Hub EAD has applied for a 35-year license to organize a natural gas wholesale trade platform. *Balkan Gas Hub*. The trade platform has already traded gas quantities, including 551,416 MWh on the GRP (Gas Release Programme of Bulgargaz), 97,645 MWh on the short-term segment and 1,672,281 MWh on the long-term segment.

[3e-net](#)

Total recently said about the “crazy” valuations for renewable energy assets which are in a bubble and that will not buy renewable projects just to meet renewable targets.

[Ft.com](#)

MET Group was quoted to be in talks on the construction of a gas-fired power plant in Serbia.

[Seenews](#)

DEPA

The privatization of *DEPA Commercial* and *DEPA Infrastructure* will be delayed due to lockdown restrictions, ongoing legal gas-pricing dispute between *DEPA Commercial* and *ELFE*, lack of clarity whether *Eni* *DEPA* will buy *Eni*'s stake in the gas distribution company *EDA THESS* or include it in the privatization deal, and finally the fact that potential buyers will need more time to approve the distribution network development plans issued by *DEPA*.

[Energypress](#)

DESFA is considering gas network expansion plan in the country's west Macedonia region which will require the construction of a 130-km gas pipeline. The project promises multiple regional benefits, including replacement of lignite-based energy.

[Energypress](#)

Naftogaz

Prime Minister of Ukraine said he does not see the need for the dismissal of the head of the board of *Naftogaz Ukrainy* and the resignation of the company's supervisory board after the appeal of acting Energy Minister *Yuriy Vitrenko* regarding the dismissal of the head of the board.

Vitrenko appealed to the Cabinet of Ministers with a request to consider changing the leadership of *Naftogaz Ukrainy* as a result of the failure of the plan to increase domestic gas production and the ineffective work of the company's supervisory board.

[Interfax](#)

Bulgartransgaz

Bulgartransgaz has signed deals worth a total of BGN 39.1 million for the construction of two new natural gas pipelines for providing gas supplies to two Bulgarian towns.

Bulgartransgaz is seeking bank financing in the form of a loan for operating and investment costs and has published a call for tenders. Bulgartransgaz expects to raise financing in the amount of up to EUR 155 million with a repayment period of six years.

[SeeNews, Banker](#)

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.

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