

# Balkan and Black Sea Petroleum Association

15<sup>th</sup> of June 2021 – 15<sup>th</sup> of July 2021

BBSPA Monthly Bulletin

## Oil and Gas Prices

### Oil Price

In June 2021 US WTI spot crude oil price was around \$71.4/bbl.

### Gas Prices

Henry Hub average spot gas price in June was €9.25/Mwh.

Spot gas prices in the region in June

Desfa reference price €28.8/Mwh

Bulgarian Gas Hub price €25.5/Mwh

Romanian Gas Exchange price €26.3/Mwh

Hungarian Gas Exchange price €28.6/Mwh

CEGH spot gas price €28.5/Mwh

European gas prices increased to record highs this summer, due to low levels of stored gas, economic recovery to pre-pandemic levels, increased usage of gas to replace coal in power generation, higher LNG prices in Asian markets than in Europe. The front month contract at the Dutch TTF hub hit 38.65 EUR/Mwh.

### Reuters

Bulgaria

Bulgarian energy regulator ruled that natural gas will rise by 10% to BGN 49.94 / MWh (EUR 25.5 / MWh) from 1 July.

### Electricity Price

EU

Day-ahead power prices for delivery on 23 July reached highest values in southeast European power markets, reaching EUR 99.28/MWh on the Bulgarian Ibex exchange, and EUR 98.82/MWh on Serbian Seepex. These bullish prices are the result of wind power output in both central western Europe and SEE falling to about 30% of the normal level.

### Montel

Bulgaria

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Bulgarian energy regulator decided electricity prices for households from July 1 to be increased by an average of 4.40% and heat prices increased by an average of 16.23%

*24 chasa*

## Oil Production

U.S. energy firms added oil and natural gas rigs for a second week as oil prices recently rose. Most companies would focus on reducing debt and increasing shareholder returns rather than adding output.

[Reuters](#)

## Gas Demand, Supply and Trade

*EU*

According to IEA data, European gas consumption rose by 25% in the second quarter of 2021, its largest year-on-year quarterly increase since 1985.

[Reuters](#)

Global gas demand is expected to recover by 3.6% this year and by about 7% by 2024, surpassing pre-COVID-19 levels, according to a report of IEA. Half of the increase in gas demand from 2020 to 2024 will come from the Asia Pacific region.

[Daily Sabah](#)

*Greece*

Hellenic Energy Exchange and DESFA are planning to present a trading platform for natural gas. Related public consultation, already in progress, is planned to run until the end of August.

[Energypress.eu](#)

*Bulgaria*

Bulgarian gas trader Energiko with majority owner the Swiss company Litasco applied to Bulgarian energy regulator for receiving a 35 year gas trading license, the usual term of the licenses is considered to be 10 years. Energiko was commented to plan to directly supply with gas Burgas Neftochim LUKoil refinery as well as the region. Till now the refinery was supplied by Bulgargaz. Litasco is the global trader for oil, oil products and gas of LUKoil. Energiko was quoted to have proved to the energy regulator that it has a long term contract for gas supply of Russian gas taken at Strandzha 2 IP on the border between Bulgaria and Turkey.

Energiko was founded in 2019 by the former CEO of Bulgartransgaz Ivan Drenovichki, who transferred in 2020 75% of the company to Litasco.

[Mediapool.bg](#)

*Romania*

Romanian energy ministry recently stated that Romania and BRHA will be able to receive Azeri gas and liquefied natural gases in Greek ports after the Interconnection Greece-Bulgaria will be built in the middle of next year.

[Aze.media](#)

*Azerbaijan*

BP said that Azeri Shah Deniz offshore field is set to near its plateau gas production goal by starting up the East South deep-water flank. The field currently produces 21 billion cubic metres of gas per year, with plans to raise it to 26 bcm.

[Reuters](#)

## Decarbonisation

*Bulgaria*

### Coal Fired Power Plant Maritsa-East 2

The prime minister of the provisional government said that the state owned coal-fired TPP "Maritsa-East" 2 will not be shut down, but will operate at minimum capacity and with balancing functions. If necessary the plant will be closed and workers should be trained for other activities. The energy minister said the plant will be included in the quota for the regulated market, though the energy regulator did not agree as the cost of electricity produced by the plant is very high.

[Mediapool.bg](#)

Ministry of Energy signed an order giving the possibility the state-owned TPP Maritsa East 2 to produce 1 million MWh for the next regulatory period July 1, 2021 - June 30, 2022. The produced electricity will be bought by the public supplier National Electricity Company for the regulated market. Because of the high cost of carbon emission the plant recently generated losses and the measure will keep it functioning for one year.

[Trud](#)

### ContourGlobal Maritsa East 3

Bulgarian coal-fired power plant ContourGlobal Maritsa East 3 said that considers various technological solutions for the transfer from coal along with the construction of renewable energy installations: CCS based on studying suitable geological structures; natural gas, but if there will be such a decision, it will not be in big scale as it will be a transitional fuel; Renewable sources will be the dominant, while the role of hydrogen will increase.

[3e-news.net](#)

### TPP Bobov Dol

Coal-fired power plant Bobov Dol, located in SW Bulgaria said that they have started with the introduction of straw in the fuel mix when they burn coal. The plans are to eliminate the fuel oil for ignition and replace it with natural gas. There is a plan to produce energy from natural gas coming from a branch to be built from the major gas pipeline. The investment program envisages installation of gas turbines, which in the next few years should gradually enter full operation and stop the use of coal. The company will start the design of a photovoltaic park, which will be located in the old ash dump which has been re-cultivated and which will be the largest photovoltaic park in Bulgaria. The financing is expected to be provided by the Green Deal. The idea is to produce hydrogen with the electricity generated by the photovoltaic park. which be first sold and afterwards will be used for energy production.

[Dir.bg](#)

### Greenpeace

Greenpeace in Bulgaria insisted on adopting the European Renewable Energy Directive and submitted a symbolic request that the Bulgarian ministry of energy to turn into ministry of renewable energy.

[Mediapool.bg](#)

Bulgarian ministry of EU funds of the provisional government accented on investing in renewables and energy storage, rather than in gas as replacing coal in electricity generation. The EU funds ministry statements differ from the more radical views of the energy ministry about using gas to replace coal and to be gradually mixed with hydrogen when hydrogen technology will be available. According to the ministry of EU funds, there is a revised version of the Recovery and Resilience Plan, which includes increasing financing of solar and photovoltaic systems in single-family and multifamily buildings, offshore wind turbines, exploring geothermal potential. The revised plan pays less attention to hydrogen while the funds proposal of Bulgartransgaz for the gas pipeline connecting the coal-fired power plants will be adjusted downwards and the target for renewables will go up. The new almost ready version of the recovery plan must pass internal coordination with the EC and by mid-July will be announced for public consultation.

[Mediapool.bg](#)

A new plant for electric cars will be built in Bulgaria by Next.e.Go, scheduled to begin operations in the first quarter of 2024. The plant will be a cyber-physical twin of the original factory in Aachen, Germany.

[Seenews](#)

*EU*

Recently Energy Community secretariat stated that Western Balkan countries are drifting apart from EU as they are not part of the EU's Emissions Trading Scheme and their coal-fired outdated power plants produce cheap electricity but also huge amount of emissions. EU believes that with the upcoming implementation of carbon border tariff, Western Balkan countries will have to either win an exemption, or adopt carbon pricing policies. Many Western Balkan countries are delaying carbon pricing reforms "as long as possible" because they fear the social upheaval caused by rising electricity prices.

[EUactive](#)

European Parliament approved the EU's 2030 target to cut its emissions by at least 55% on 1990 levels. This will include changes to the EU ETS, 2030 renewables and energy efficiency targets, a new carbon border adjustment mechanism and reduction of using carbon sinks as forests. It will be a subject of approval by the council before becoming binding after publication in the Official Journal of EU – a process which is expected to take a few months.

[Montelnews](#)

The European Commission proposed a scheme of cutting greenhouse gas emissions within the EU, setting out national targets for the 27 member states. Under the proposed rules, each country will have to cut emissions by an amount calculated from its per capita economic output.

[Reuters](#)

*Samsung*

Samsung has received approval from DNV for basic design approval for commercialization of fuel cell-powered LNG carrier. This kind of ship does not require engines or other equipment that uses oil, thus reducing harmful emissions.

[Offshoreenergy](#)

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### *Uniper*

Shell and Uniper have signed a memorandum of understanding for finding opportunities in meeting the demand with supply, production and storage of hydrogen and for developing the foundation of a new hydrogen economy in Europe.

Shell officially opened a 10MW PEM electrolyser, the largest of its kind in Europe, on July 2<sup>nd</sup> and are working with partners to expand the capacity to 100MW.

[Uniper](#)

### CCS

Shell has been named as the technical developer for the Acorn carbon capture and storage (CCS) project in the UK. Acorn is expected to store at least 5Mt/year of CO<sub>2</sub> by 2030, half the CO<sub>2</sub> emissions set out in the UK Government's 'Ten Point Plan' for a 'Green Industrial Revolution' by 2030. CO<sub>2</sub> will be imported to St Fergus from ships at Peterhead Port and from Scotland's industrial Central Belt and transported offshore from St Fergus through the existing Goldeneye pipeline to the Acorn store

[Offshoreenergy](#)

### Turkey

EBRD said it is supporting the production of all-electric and plug-in hybrid variants of one-tonne commercial vehicles by arranging a 650 million euro loan to Turkish motor vehicle manufacturer Ford Otosan which will be launched in the first half of 2023.

[Seenews](#)

### Romania

Nuclearelectrica said that 35% of the Romanian consumption needs by 2030 will be covered by operating four CANDU nuclear units in a move of decarbonisation away from coal.

[Actmedia](#)

### China

China is expected to launch in July long-awaited national carbon emissions trading scheme (ETS)

[Reuters](#)

## **Legal and Regulatory Framework**

### Greece

Legislative amendments have been submitted to the Greek parliament concerning the possibility to compensate the underperformance of one of the EDAs with other EDAs as a final measure before price adjustments which would affect all the three Greek EDAs.

[Energypress.eu](#)

Greek energy regulator proposed deducting a percentage of net profit from DESFA, which was opposed by the operator as an older approach that has generally been abandoned today. Subjecting DESFA to such a deduction would put the operator in a disadvantageous position compared to other companies.

[Energypress.eu](http://Energypress.eu)

### *Bulgaria*

Bulgarian ministry of finance of the provisional government said that is considering raising concession fees so that more revenue can be collected from this year and discussions have been held in the ministry of energy already.

[Economic](#)

### *EU*

European Commission has prepared a draft of the EU's revised Emissions Trading Scheme meant to tighten the cap placed on CO2 emissions from industry and extend carbon trading to cover shipping emissions as well as road transport and heating fuels. In its current form, the scheme puts a price on every ton of CO2 emitted by the electricity sector, intra-EU flights as well as large energy consuming industries, such as steel and chemicals. The Commission wants to extend the scheme to cover maritime transport as well as road and building emissions, which would be treated in "an additional emissions trading system". The cut in the pollution cap will be accompanied by an increase in the rate at which the annual emissions limit shrinks each year.

On the basis of the draft European Commission adopted a package of proposals presenting the legislative tools to achieve the targets agreed in the European Climate Law.

[EURactiv, Bloomberg](#)

## **Pipelines and Supply Options**

### *Alexandroupolis FSRU*

The European Commission has approved, under EU State aid rules, a €166.7 million Greek support measure, as a direct grant, for the construction of a new LNG terminal in Alexandroupolis which would be suitable to use for hydrogen. The beneficiary of the aid is Gastrade SA, as the promoter and operator of the new terminal. The Commission found that the aid is appropriate and necessary, as the project would not be carried out without the public support. The project promoter will be obliged to give back to the State part of the revenues generated from the terminal, should they go beyond a set capped level over the project lifetime. In addition, the National Energy Regulator has put in place certain safeguards to prevent an increase in the market position of the largest gas operators involved in the project, such as a limitation of the share of LNG that can be booked in the terminal by Bulgartransgaz and DEPA. The FSRU will have a capacity of 5.5 Bcm/y.

[EU](#)

### *IGB*

More than 160 km of IGB have been welded and the fully finished sections reach 100 km. Preparations for the passage of the gas pipeline under the Maritza riverbed have already been completed before the start of drilling.

ICGB was quoted to say that Bulgartransgaz has refused to build a second point for connecting the Greece-Bulgaria interconnector to the national gas network in the Dimitrovgrad region, but ICGB has retained the possibility to connect to the transmission pipeline of other

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networks in the region due to the expected future opportunities for natural gas supply to the thermal power plants in the area of the Maritza East coal complex.

[3e-news, Dir.bg](#)

### *Interconnection Bulgaria-Serbia*

The selection of the company to build the gas pipeline from Bulgaria to Serbia was appealed by other participants in the tender. Bulgartransgaz chose the consortium Canpipe BG consisting of a Bulgarian branch and its Bulgarian subsidiary of the Canadian Canpipe Industry International. The tender criteria included technical and price offers, while the price offer of Canpipe was not the lowest.

[Mediapool.bg](#)

### *Podisor-Black Sea gas Pipeline project*

Transgaz announced that will start this fall building the Tuzla - Podisor pipeline which will be completed in two years and will transport the Black Sea offshore gas production. As of March 1, the entire BRUA capacity is booked and between 4.2 and 4.7 million cubic meters of gas transit Romania daily via Arad-Szeged, Nadlac-Csanadpalota.

[Actmedia](#)

### *FSRU in Turkey*

Ertuğrul Gazi, built by Hyundai, the first Turkish-flagged FSR, with daily regasification capacity is 28 million cbm per day, is currently undergoing final regasification trials on site before commencing operations in the Iskandrın Bay. The FRSU is the third present in Turkey, joining the one in Hatay, and the other, privately-owned, in İzmir.

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### *TurkStream*

Srbijagas and FGSZ connected the pipes of the TurkkStream gas pipeline to the border with Hungary. The first quantities of transit gas for Central Europe are expected on October 1. Srbijagas said that technical and regulatory details had to be resolved with the Energy Community and with national regulators.

[Seenews](#)

### *Romania-Moldova Gas Pipeline*

Transgaz will increase from October 1 the technical capacity of the Ungheni interconnection point (IP) to 5 mln cbm per day from 1.5 mln cbm per day from Romania to Moldova and to 0.9 mln cbm per day from 0.2 mln cbm in opposite direction. The capacity available in PI Ungheni for the gas year 2021-2022 can be reserved through the GMOIS Platform, owned by Transgaz, according to the "first come-first served" capacity allocation method, based on the provisions of the Network Code.

[Actmedia](#)

### *Nord Stream 2*

US President said that the construction of the Nord Stream 2 gas pipeline would continue despite the already existing U.S. sanctions, because it is already almost fully completed.

[Interfax](#)

German Chancellor Angela Merkel said that Ukraine will remain a gas transit country, even if the construction of Nord Stream 2 is completed.

## [Interfax](#)

### *TAP*

TAP consortium said it has signed an agreement with Albania's ministry of infrastructure and energy and state-owned natural gas distribution system operator Albgaz to design, procure and construct a gas exit point in Fier.

The facility will enable an interconnection point between the TAP transportation system and future gas infrastructure in Albania with a possibility of bidirectional flow. The exit point will be owned, managed and operated by the Albanian government after its construction is complete.

## [Seenews](#)

### *Greece- North Macedonia Gas Pipeline Project*

Greece and North Macedonia signed an agreement for the construction of a gas pipeline between the two countries. The new pipeline will run from Nea Mesimvria, where TAP meets Desfa gas system in Greece to the border city of Gevgelija in North Macedonia, and then to the city of Negotino. The link is to have a capacity of 1.5bn m<sup>3</sup>/yr to North Macedonia in the first stage, with the possibility of a future expansion to 3bn m<sup>3</sup>/yr. The link could bring Azeri gas from TAP or LNG from Revithoussa LNG terminal or planned Alexandroupolis FSRU.

## [Argusmedia.co](#)

## **UGS**

### *Greece*

The Hellenic Republic Asset Development Fund has awarded contracts to Schlumberger as the advisor for technical studies for the planned underwater natural gas storage (UGS) at the South Kavala gas field offshore Northern Greece. Furthermore, Pricewaterhousecoopers will act as the financial advisor to support the assessment of alternative development and exploitation options for the South Kavala UGS. Currently, the South Kavala gas field in the Thracian Sea is in use by Energean Oil & Gas. The UGS is estimated at 1 billion cubic meters. The annual volume throughput is estimated at 360 million Nm<sup>3</sup> or 720 million Nm<sup>3</sup> for one or two cycles per year, respectively. The maximum daily extraction rate is estimated at 4 million Nm<sup>3</sup>/d. The maximum daily injection rate is estimated at 5 million Nm<sup>3</sup>/d.

## [Offshoreenergy](#)

## **Upstream**

### *Romania*

Romgaz said on June 17 it signed an exclusivity agreement related to the negotiations for the acquisition of the 50% stake that ExxonMobil holds in Neptun Deep. ExxonMobil is granting Romgaz an exclusivity right for a period of four months, or until October 15, regarding negotiations for the acquisition. Romgaz plans to buy 100% of ExxonMobil Exploration and Production Romania Holdings, the company that holds half of the rights and obligations under the concession agreement for petroleum exploration, development and production in XIX Neptun Deep Block. OMV Petrom said that if ExxonMobil accepts the offer submitted by Romgaz, it will join in the project as operator.

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[Seenews.com](http://Seenews.com)

ADX Energy received from Romanian National Agency for Mineral Resources an approval for an 18-month extension for the Parta exploration licence. The work programme extension will enable ADX to source alternate funding to acquire a 3D seismic programme designed to further define appraisal and exploration opportunities within the Ex-10 Parta Exploration licence as well as Iecea Mare production license.

[Seenews.com](http://Seenews.com)

Romania energy ministry announced that natural gas in the Black Sea will be produced most probably towards the end of 2025-2026 when coal-to-gas converted power plants are intended to be put into operation.

[Actmedia](http://Actmedia)

Serinus Energy said it discovered gas during the drilling of the Sancrai - 1 well in Satu Mare in Romania in the Pliocene sand zone.

[Seenews](http://Seenews)

## Turkey

Turkey's energy ministry said that an exploration well will be drilled in the Black Sea this year or in the first quarter of 2022 at the latest after Tuna-1 well discovered 405 bcm and Amasra-1 recently was announced to have discovered 135 bcm.

[Daily Sabah](http://Daily Sabah)

## Companies

### *Sofia District Heating Company*

The debt of Sofia District Heating Company, the biggest gas consumer in Bulgaria, will probably be taken by Bulgarian Energy Holding against ownership share. The debt of 390 mln EUR was accumulated towards the subsidiary of Bulgarian Energy Holding – the public gas supplier Bulgargaz for not paid bills for gas during the past. Separately is the new debt of nearly BGN 80 million accumulated since the end of last year to the gas supplier, which may again be subject of lawsuits by Bulgargaz.

[mediapool.bg](http://mediapool.bg)

### *DEPA*

The deadline of July 15 for binding bids concerning the 100 percent sale of gas company DEPA Infrastructure was reconfirmed. The Greek state is selling its 65 percent stake in DEPA Infrastructure and Hellenic Petroleum (ELPE) the other 35 percent. Recently a legislative revision was ratified to grant 30-year license extensions to the EDA distribution companies. Six companies have been qualified to participate in the tender, including Italgas and Macquarie.

[Energypres.eu](http://Energypres.eu)

Two suitors were commented to submit offers for the privatization of DEPA Infrastructure - Italgas and the Czech Republic's EP INVESTMENT ADVISORS (EPH).

[Energypress.eu](http://Energypress.eu)

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### *Bulgartransgaz*

Bulgartransgaz became a member of the European Clean Hydrogen Alliance to co-operate in the implementation of hydrogen as a clean and carbon-free fuel. The initiative involves 23 of the 45 European transmission operators, among which are Transgaz, Desfa and Plinacro.

[mediapool.bg](http://mediapool.bg)

### *Overgas*

Linden Energy acquired 50% of Overgas Inc. Previously Linden has booked 10% of the capacity of IGB.

### *Eni*

Eni agreed to buy one of the largest onshore wind portfolios in Italy from fund manager Glennmont Partners. Eni will buy 315 megawatt portfolio comprising 13 plants, taking its overall wind capacity in Italy to 350 MW

[Reuters](#)



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