

Balkan and Black Sea Petroleum Association

15th of April 2021 – 15th of May 2021

BBSPA Monthly Bulletin

Oil and Gas Prices

Oil Price

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

Oil prices went down after the catastrophic second wave of the coronavirus epidemic in India interrupted the recovery of demand there. Total fuel demand decreased by about 7% from pre-COVID levels in April 2019 and the expectations are that in May the demand will further decline. Nevertheless, mass vaccination campaigns are expected to help boost oil demand, especially during the peak travel season in the third quarter, and the forecasts for oil prices are to increase for the fifth consecutive month.

Economic

According to Rystad Energy, the rapid adoption of electric vehicles around the world will cause global oil demand to peak two years earlier than previously expected. World demand is now seen peaking at 101.6 million barrels of oil per day in 2026, down from a forecast made in November of a peak in 2028 at 102.2 million bpd.

Reuters

Gas Prices

Henry Hub average spot gas price in April was €7.6/Mwh.

Spot gas prices in the region in April

Desfa reference price was €20.3/Mwh

Bulgarian Gas Hub price was €19.4/Mwh

Romanian Gas Exchange price was €21.6/Mwh

Hungarian Gas Exchange price was €20.4/Mwh

CEGH spot gas price was €21.2/Mwh

Bulgaria

Bulgarian energy regulator approved gas price of from April 1, 2021 in the amount 17 EUR per Mwh. The decision was quoted to have been made in accordance with the terms of the

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contract between Bulgargaz and Gazprom Export and the terms of the contract with the Azerbaijani company Socar.

Bulgarian gas supplier Bulgargaz recently stated that its gas price is and will be in the next months by 10-11% lower than the prices at the European gas markets.

[3e News, 3e-news.net](#)

Bulgaria energy regulator said it has approved an increase in the wholesale price of natural gas for May, to 19.3 EUR/Mwh.

[Seenews](#)

Bulgargaz is planning to propose to the energy regulator to approve a wholesale gas price of 22.86 EUR per Mwh for July.

Carbon Price

The carbon price in Europe reached another record of over Eur47/t after the EU Parliament and Council reached informal agreement on a stronger emissions reduction target for 2030. The annual carbon caps under the EU Emissions Trading System will need to be tightened out to 2030, reducing supply of allowances for power, industrial and aviation companies.

[Platts](#)

Electricity Market

Bulgarian Independent Electricity Exchange (IBEX) joined the European Day-Ahead Electricity Market across the border with Greece. Bulgarian employers' organizations requested a postponement of the merger stating that the prices in Greece and Italy are the highest and the merger will lead to price increase in Bulgaria. The employers insist on a revision of the planned start date and its postponement for the last three months of 2021, when the market unification of the Bulgarian-Romanian border is expected to be realized, as through it Bulgaria will have access to 6 other market areas with lower price levels than those on the Bulgarian electricity market. According to IBEX the liquidity on the Bulgarian exchange increased by 5-10%, while the electricity prices are influenced mainly by the prices of CO2 emissions.

[Dir.bg](#)

Wholesale electricity market prices have made further increases in recent times, driven by rising carbon emission prices, which have exceeded 50 euros per ton. Besides the impact of increased carbon emission right prices, the energy market is also being pressured by higher gas prices, driven by greater usage of natural gas-fueled power stations. Natural gas prices have risen from 16 to 23 euros per MWh. Given the energy market's current uncertainty, suppliers are limiting the duration of contracts offered to three months. The activation, by suppliers, of carbon emission cost clauses included in agreements have increased industrial electricity prices by as much as 20 euros per MWh in recent times.

[Energypress.eu](#)

Gas Demand, Supply and Trade

Bulgaria

Bulgarian natural gas distribution company Overgas launched a 1.2 million euro tender for the purchase, transportation and storage of compressed natural gas for the needs of four of the company's units. The bids will be ranked solely based on price.

[Seenews](#)

Romania

According to a new regulation passed by the energy market regulator ANRE, residential users are granted the right for free connection of within a radius of 2km from existing gas networks customers. They can pay for the connection cost and recover it from the gas distributor within five years. This measure was criticized by the consumers already connected to the gas grids, who paid high prices for their connection. The new regulation is part of the Government's plan to increase the gasification ratio in Romania, ahead of the increase in the domestic gas production once the offshore production starts.

[Romania-insider.com](#)

Slovakia

According to a feasibility study published by the Slovak Republic's Public Ports, a LNG facility will be built in Bratislava on the Danube river for refueling of road tanks, for LNG storage, and for bunkering of ships as a part of the EU plan to build the Rhine-Danube transport corridor

[Offshoreenergy](#)

Gas Storage

Ukraine

Ukraine began pumping natural gas into its underground storage facilities.

[Interfax](#)

Decarbonisation

According to Rystad Energy, renewable energy will meet 74% of total energy demand by 2050, compared with 43%, 45% and 69% according to Equinor, Shell and BP. Rystad Energy sees the sales of battery electric vehicles rising to 64 million by 2030, compared with oil company scenarios ranging from 22 million to 38 million and an IEA estimate of 30 million. Rystad Energy said it expected global oil demand to peak at 101.6 million barrels per day in 2026, versus a forecast made in November for a peak in 2028 at 102.2 million bpd.

[Reuters](#)

According to Rystad Energy, the offshore wind industry has nearly tripled since 2016, with global installed capacity expected to grow to an estimated 109 GW by 2025 and rise further to 251 GW by 2030 when offshore wind capex will be on par with offshore oil and gas greenfield capex (excluding exploration work), at about \$100 billion.

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ExxonMobil

ExxonMobil and Chevron said they will build large-scale projects to address climate change, beginning with a focus on carbon capture.

[Platts](#)

The Dutch government has granted a consortium that includes oil majors ExxonMobil and Shell around \$2.4 billion in subsidies for the largest carbon capture and storage projects in the world. The project will become operational in 2024 will reduce emissions in the industrial cluster around the Port of Rotterdam by around 10 per cent. Currently the cost for storage in gas fields in the North Sea is about \$100 per ton and the government will pay the companies the difference between this price and the price of carbon emissions which is \$60.8 per ton, with a subsidy.

[Offshoreenergy](#)

EU

According to European Council on Foreign Relations Greece and Romania lead the region in terms of climate action, while Bulgarian government is shifting its once-hesitant position on the European Green Deal with pledges to increase Bulgarian regions' use of natural gas and plans for the construction of new nuclear and renewable energy facilities. Politicians in Bulgaria have put off discussions about the modernisation of the coal industry although coal-fired generation of electricity and heat currently accounts for more than 90% of the Bulgarian energy industry's greenhouse-gas emissions. Opposition to low-carbon industrial transformation generally comes from the fossil fuel and mining sectors, as well as trade unions concerned about job losses.

Croatia's government is supportive of the European Green Deal, but the impact of the coronavirus crisis has marginalised the issue. Croatia's adoption and implementation of key climate-related policies have faced delays and discrepancies between the plans of government departments point to deficits in institutional capacity and political will in Croatia's public administration.

Greece is supportive of the European Green Deal aiming to position itself as an international leader and in attracting foreign investments and EU funds.

In Romania, the government sees the European Green Deal as an opportunity to develop a more environmentally friendly economy though some political parties refer to closing coal power plants in areas where people's livelihoods depend on them. Romania's government views the expansion of nuclear power and of natural-gas exploitation in the Black Sea as

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opportunities to improve its energy security and become a relevant actor at the regional level while minimising local risk factors.

[Seenews](#)

Greece officially submitted to EU its Recovery and Sustainability Plan envisaging using 18.2 billion euros in grants and 13 billion euros in low-interest loans for 170 projects focusing on green energy and digitalization. Germany also submitted its plan for using 25.6 billion grants. German plan includes more funds which will be covered by the budget, rather than by grants.

[Economic](#)

EU negotiators have provisionally agreed a new target to cut CO2 by at least 55% from 1990 levels by 2030 as part of an informal accord on the draft EU climate law to be officially confirmed by the European Parliament and EU Council. The climate goals are meant to be achieved through policies on the EU ETS, renewable energy, energy efficiency, energy taxation, as well as a carbon border adjustment mechanism. The EC wanted to have an informal accord before the EU attends the global leaders' summit on climate hosted by US president.

[Montel](#)

Only 9 EU countries have submitted plans to rebuild the pandemic economy by April 30, a European Commission spokeswoman said. This was the preliminary deadline for sending the documents. Completed plans have been submitted by Germany, Greece, France, Slovakia, Portugal, Denmark, Spain, Latvia and Luxembourg. The EC spokeswoman clarified that the countries themselves are the ones who decide when they are ready to present their plans. It may then take several months for the money to be released. The EU budget provides for € 750 billion by 2027 to rebuild the European economy. € 390 billion is expected to be provided as a grant, and the remaining € 360 billion will be loans taken out of the financial markets and maturing by the end of 2058.

[Mediapool.bg](#)

Bulgarian representatives in the European parliament said that Bulgaria will apply for 1.3 billion EUR funds out of a total of 17 billion EUR for the Recovery and Resilience Facility for energy transition which will be focused on the transformation of coal-fired power plants to gas and later hydrogen. For the purpose a gas pipeline is envisaged to be built to coal fired power plants in the Maritsa coal basin. The plan includes also installation of batteries for storage of electricity produced by renewables.

[Mediapool.bg](#)

US

According to Platts, a full phase-out of coal in the power sector in the US would meet just 25% of a 50% target assuming reductions in coal-fired generation do not lead to increased gas-fired power generation. Recently Biden administration pledged to reduce GHG emissions by 50-52% vs. 2005 levels by 2030, following the re-entrance of the US into the UNFCCC Paris Agreement in February, after the Trump administration withdrew from the agreement.

[Platts](#)

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Germany

The German government plans to reduce its emissions by 65 percent by 2030 from 1990 levels, compared to the previously announced 55 percent, and then by 88 percent by 2040. The German government plans hydrogen neutrality in 2045, five years earlier than expected so far.

[Mediapool.bg](https://www.mediapool.bg)

Greece

Hellenic Petroleum plans to spend between 3.5 billion 4 billion euros on clean energy projects by 2030.

[Reuters](https://www.reuters.com)

Romania

Romanian government received feedback from EC on the submitted Recovery and Resilience Plans according to which the portfolio of projects was slashed from over EUR 40 billion to EUR 29 bln with rejecting the gas distribution network among other key projects like irrigation system and most of the motorway projects. The government said that no project was abandoned it is a matter of optimizing.

[Romania-insider.com](https://www.romania-insider.com)

Bulgaria

The coal-fired power plants in the Maritsa coal basin in Bulgaria - state owned coal-fired power plants Maritza East 2 and private ones ContourGlobal Maritza East 3 and AES Galabovo, in partnership with the University of Mining and Geology and Technical University in Sofia, have submitted a project proposal to Bulgarian government and the trade unions on carbon capture and storage (CCS). The implementation of the project is believed to provide an opportunity to continue the activities of coal-fired plants as well as other thermal power plants in Bulgaria meeting at the same time the goals for reducing carbon dioxide emissions set by the European Commission in the Green Deal Pact.

[3e-net.news](https://www.3e-net.news)

Legal and Regulatory Framework

Greece

Greek energy regulator RAE plans to encourage the gas distributors DEDA, EDA Attiki and EDA THESS through extra returns for meeting gas penetration objectives and reducing overall distribution costs for consumers. On the other hand, perpetually high profit margins resulting from activities free of competition, without improved services in return, is considered not reasonable. High yields secured by electricity and gas market operators active in Greece's transmission and distribution networks are prompting these companies to skip crucial

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investments needed for upgraded consumer services. The Regulator intends to intensify its monitoring of the Greek energy market's gas and electricity operators with the aim of minimizing operator surcharges for consumers and helping improve operator services. Operators will be offered incentives for swifter completion of projects, which, combined with the stricter monitoring effort, will result in either bonuses or penalties, depending on the degree of progress made. These will be incentive-based policies, standard practice for Europe for all energy market operators active in transmission and distribution.

[Energypress, Energypress](#)

Serbia

The Parliament of Serbia adopted a package of laws on energy, renewable energy sources, energy efficiency and mining. The Energy Law is expected to introduce long-awaited reforms, including unbundling of electricity and gas transmission system operators.

[Energy Community](#)

Ukraine

The Cabinet of Ministers of Ukraine has established for the majority of enterprises with a state share the dividend payment from profit based on the results of economic activity in 2020 at the level of 50%. For Naftogaz, which generated losses in 2020, the dividend was fixed at 95%.

[Interfax](#)

Romania

Romanian energy sector was quoted to need 70 billion euros in the next ten years: 26 billion euros in electricity production, including renewable sources, and the remaining 5 billion for the networks; 24 billion euros will go to the natural gas sector - 19 billion in production, including the offshore sector, and the remaining 5 billion in pipelines. 13 billion euros will go towards the renovation of buildings, and 3 billion euros in district heating. In order to attract investors and absorb the money, clear and predictable legislation without changes will be needed.

[Actmedia](#)

Upstream

Greece

Hellenic Petroleum intends to return to the Greek State its exploration and production licenses for two onshore blocks, Arta-Preveza and northwest Peloponnese. The company does not intend to surrender its interests in offshore blocks west and southwest of Crete where it is a co-member of consortiums with Total and ExxonMobil.

[Energypress](#)

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Romania

The Black Sea Trade and Development Bank has granted a EUR 15 million loan to support the Midia Gas Development (MGD) project, which aims to develop the Ana and Doina offshore gas fields.

[oglinks.news](#)

Companies

Bulgarian Energy Holding

Bulgarian energy ministry decided on the appointment of new management board of Bulgarian Energy Holding as a result of a tender procedure . The new head of the holding will be the former MP from GERB party and former chairman of the Energy Committee in Parliament Valentin Nikolov.

[3e News](#)

OMV Petrom

OMV Petrom said that if ExxonMobil accepts the offer submitted by Romgaz for Black Sea offshore project Neptun Deep, it will join in the project as operator.

[Seenews](#)

MET

MET Croatia Energy Trade said it has delivered its first cargo at Croatia's LNG terminal on Krk island from Zeebrugge port in Belgium. The company plans to deliver additional two LNG cargoes by the end of October.

[Seenews](#)

Romgaz

Romanian has received a first response to the offer to take over ExxonMobil's participation in the Neptun Deep gas project in the Black Sea indicating of positive interaction. It is arguable whether the best financing option for the deal would be in euro, on the European market, because of the high level of financing involved and the low liquidity on the local market. ExxonMobil has invested alone around USD 750 million in the exploration phase of the project.

[Romania-insider.com](#)

The shareholders of Romgaz approved the distribution of EUR 140 mln as dividends. The dividend is not much higher than 50%, which leaves resources in the company's reserves account in the view of investments related to Neptun Deep offshore project. In 2020, Romgaz reported a preliminary net profit 15.1% higher than in 2019.

[Romania-insider.com](#)

Naftogaz

The Ukrainian government decided to dismiss the chair of Naftogaz due inefficient management which caused the profit of Naftogaz from 2019 to fall to a loss in 2020.

[Interfax](#)

Total

Total reported a jump in profit for the first quarter of 2021, benefiting from the rising oil and gas prices and its strategy to grow LNG and renewables and electricity.

[Offshoreenergy](#)

Maritsa east 2 Coal-fired Power Plant

Bulgaria state-owned coal-fired power plant Maritsa East 2 sold 44% less electricity in 2020 compared with 2019, which led to a drop in the company's revenues by nearly 32 percent. In 2020, it generated operating revenues of nearly BGN 460 million, while the previous year they amounted to BGN 675 million. State-owned Maritsa East 2 is disadvantaged compared to the other large power plants of the Maritza East complex, to which national electricity company NEK pays full availability at significantly higher prices according to a long term contract, while at the same time covering the costs of purchasing greenhouse gas allowances.

[Trud](#)

PPC

PPC aims to launch by the end of 2024 a new 665-MW gas-fueled power station in Komotini. Five other investments plans exist for new gas-fueled power stations with additional total capacity of 3.2 GW. According to the National Energy and Climate Plan of Greece, there will be an increase of installed natural gas-fueled power stations from 5.2 GW in 2020 to 6.9 GW by 2025.

[Energypress.eu](#)

According to EU's statistical office, carbon dioxide emissions from fossil fuel combustion dropped 10% in the European Union last year. Greece recorded the largest decrease (-18.7%), followed by Estonia (-18.1%), Luxembourg (-17.9%), Spain (-16.2%) and Denmark (-14.8%). The largest decreases were seen for all types of coals. The consumption of oil and oil products also decreased in almost all member-states, while natural gas consumption decreased only in 15 member-states and increased or stayed at the same level in the 12 others.

[Kathimerini](#)

OMV Petrom

OMV Petrom said that 2021 is crucial year for the production of gas in the Black Sea. The legal framework, as well as the fiscal regime have to be seen to launch the projects

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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 gradient and a slight shadow effect.

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Editor: Valentin Kunev; Ana Blagova

Office: 2 "Hristo Belchev" str., Sofia 1000 Bulgaria

Tel: 00359 2 986 06 85

Fax: 00359 2 980 15 49

E-mail: bbspetroleum@bbspetroleum.com; valentin.kunev@bbspetroleum.com

Web site: www.bbspetroleum.com

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