

Bulgarian Gas Market

Current Status, Development, Challenges and Opportunities



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Gas Market Structure

- Regulated Market = 1.5 bcm/y:
 - Mostly LT (1-year) contracts between the Public supplier and end suppliers and heating plants. The price is **regulated!**
 - Non-regulated Market = 1.5 bcm/y:
 - LT and ST contracts either OTC or through the gas exchanges. The price for the clients of the *Public supplier* on the non-regulated market is a function of the regulated price (RP+) – which is not market-based.
- The Bulgarian gas market could very well be the only one in the EU where the regulated price is the market benchmark price.

Supply and Demand

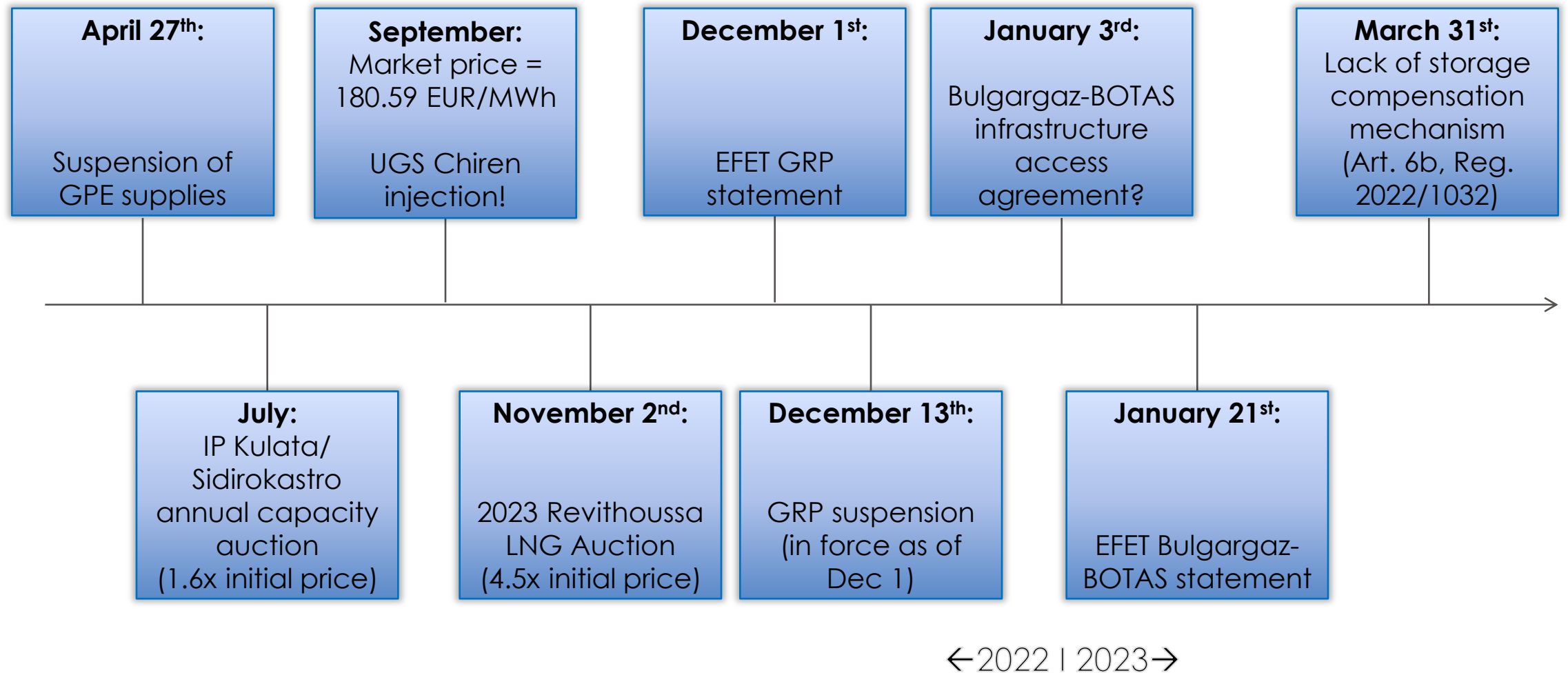
- Gas Demand:
 - 2021 – 35 430 GWh (+13.60%)
 - 2020 – 31 337 GWh
- Sources of Gas Supply (BTG TYNDP):

No.	Type of supply	2020		2021	
		Quantity, GWh	Relative share	Quantity, GWh	Relative share
1	<i>Imported natural gas including</i>	31,011	99.0%	35,206	99.4%
1,1	<i>Russian Federation</i>	23,602	76.1%	31,115	88.4%
1,2	<i>Other sources</i>	7,409	23.9%	4,090	11.6%
2	<i>Local Production</i>	326	1.0%	224	0.6%
	TOTAL	31,337	100%	35,430	100%

- Sources in 2022: GPE (until April 27), AGSC, LNG, BG VTP, GR VTP

*** 24% gas consumption decrease between August 2022 and February 2023 (avg. EU27 19.2%) according to the review on the functioning of Regulation (EU) 2022/1369 on coordinated gas demand reduction!

Continuous Market Dominance Timeline



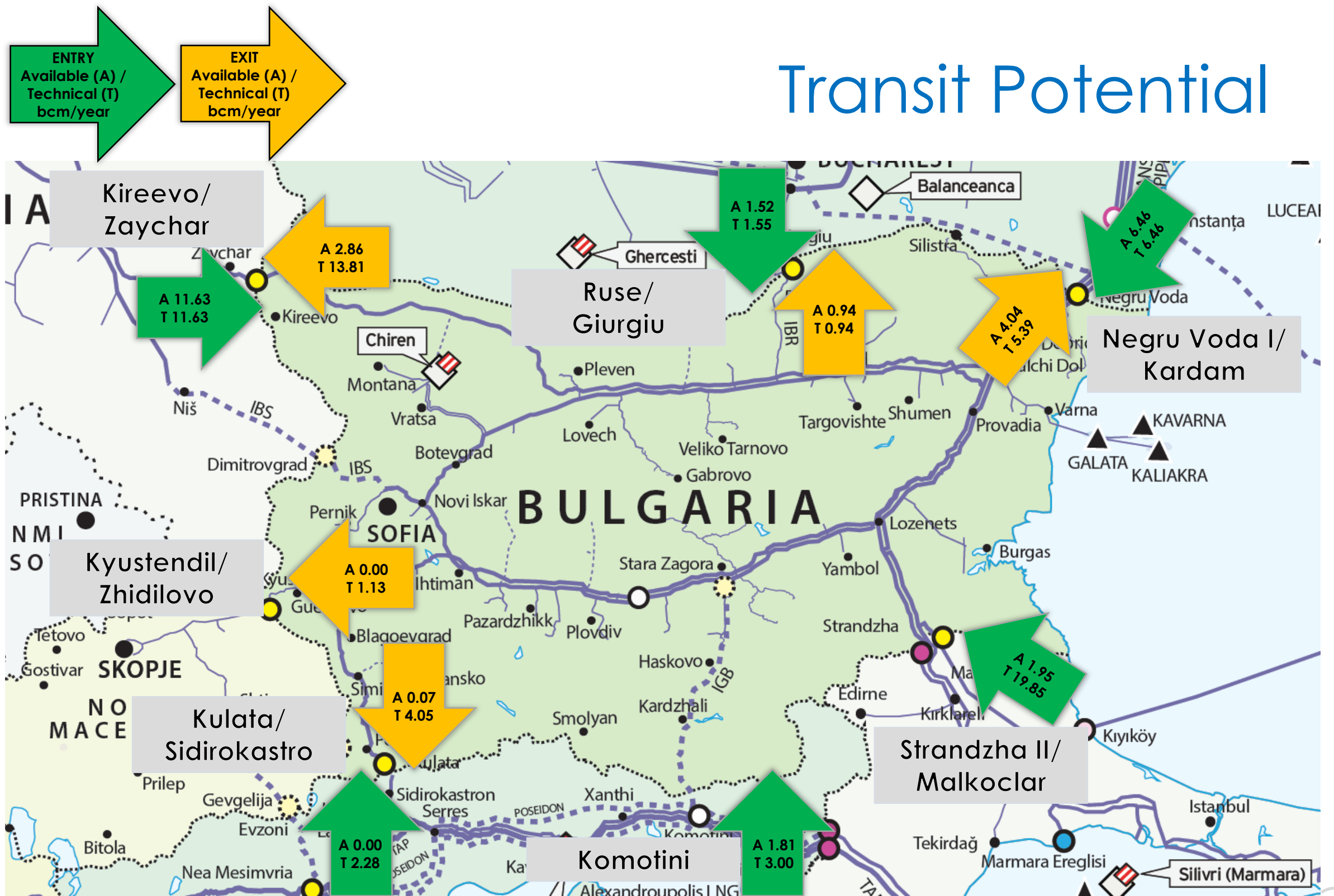
Challenges

- The market is **heavily monopolized by state players**.
 - The state-owned monopolist has over 90% market share and is in particular conflict of interest bearing several roles on the market.
- There is a lot of **political interference** in the energy sector.
 - Imposing solid subsidies on the electricity market and none on the gas market is a clear example of discrimination – and so is the Bulgargaz-BOTAS agreement.
- **No clearing services** are offered at either of the gas exchanges.
 - Substitute solutions still impose a **credit risk** for the market players.

Opportunities

- **Proper interconnectivity** and **3rd party access** to the infrastructure are key elements of functional energy markets. Since the interconnections are already in place, this is a first step forward towards **liberalization** and **diversification**.
- There is sensible need for **available and/or additional LNG terminals** in the region in order to boost competition and liquidity on the market.
- The **impact of the SEEGAS initiative**:
 - Small local markets can become **attractive** if they come together and unite into a regional market;
 - Bringing together **best practices** can lift up some of the market challenges.

Transit Potential



Lack of Interconnection Agreements at Negru Voda II, III/Kardam (BG-RO) and Strandzha I/Malkoclar (BG-TR).

UBEP/UBAS

Thank you for your attention!

Please feel free to reach out:

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