

# Bulgarian Gas Market's Current Status, Development, Challenges and Opportunities



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# Overgas Inc. AD

The biggest independent natural gas supplier

- The biggest Bulgarian private company in the natural gas sector;
- Leader in the Bulgarian natural gas market, being the first one to gain access to the gas infrastructure paving the way to market liberalization;
- 28 billion cubic meters supplied to the Bulgarian market between 1997 and 2015;
- Has market exposure in Bulgaria, Greece and Romania.
  
- We continue our expansion in the Balkans in **North Macedonia, Albania, Kosovo** and even further in **Ukraine**.
- We have secured **partnerships** in Europe and beyond in order to gain access to additional European markets.

Shareholders:



Overgas Holding AD  
50%

Linden Energy  
50% subject to SPA

# Current Status

- Gas Market Structure:
  - Regulated Market:
    - Mostly LT contracts between the Public supplier and end suppliers and heating plants. The price is **regulated!**
  - Non-regulated Market:
    - LT and ST contracts either OTC or through the gas exchange(s). The price for Bulgargaz' clients on the non-regulated market is usually **the same** as the regulated market price!
- Gas Release Programme (@ cost price).

# Current Status

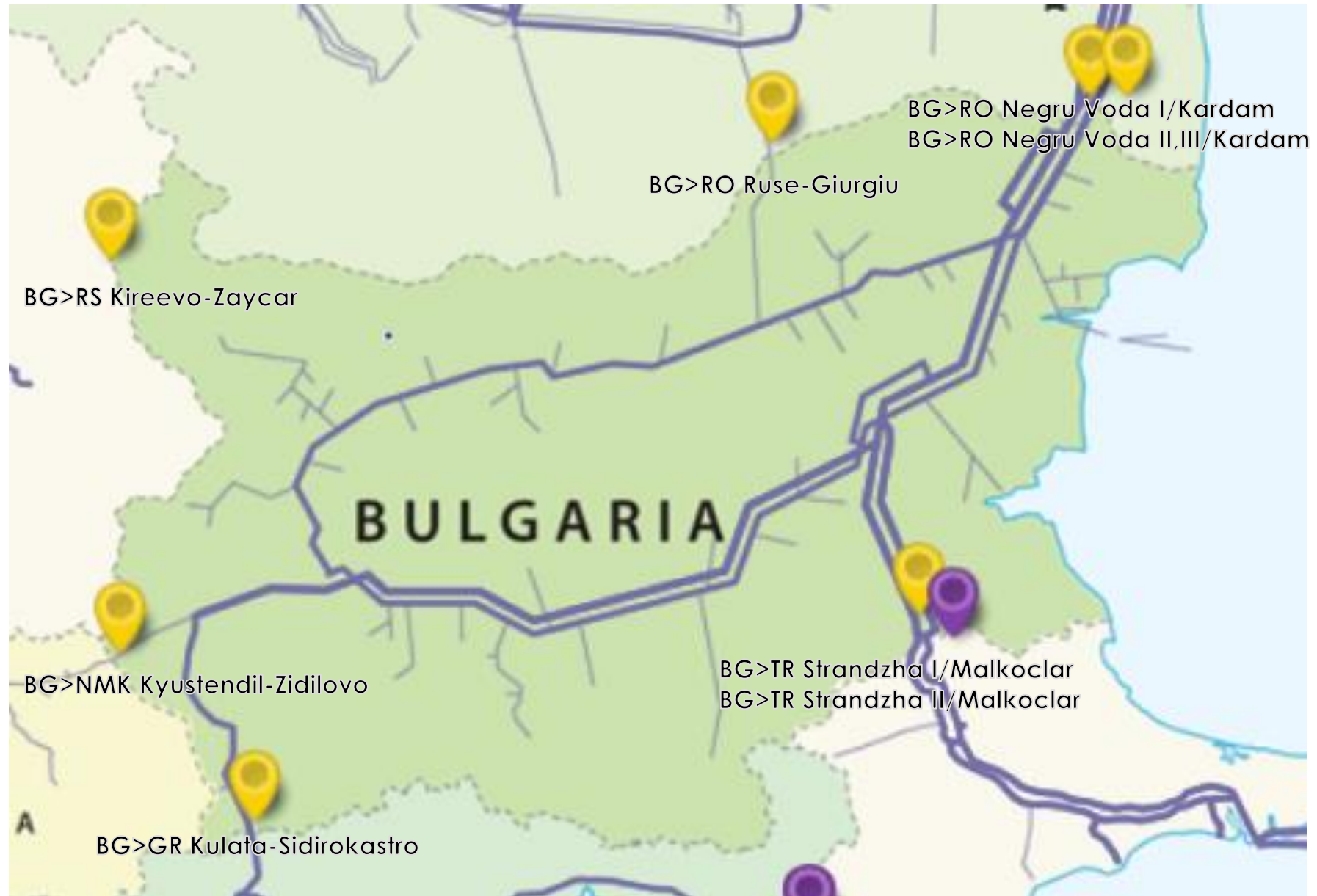
- Gas Demand:
  - 2020 – 31 337 GWh (+2,86%)
  - 2019 – 30 465 GWh

- Sources of Gas Supply (BTG TYNDP):

No.	Type of supply	2019		2020	
		Quantity, GWh	Percentage	Quantity, GWh	Percentage
1	Imported natural gas including	30,390	99.8%	31,011	99.0%
1.1.	Russian Federation	24,802	81.6%	23,602	76.1%
1.2.	Other sources	5,588	18.4%	7,409	23.9%
2	Domestic Production	75	0.2%	326	1.0%
	TOTAL	30,465	100%	31,337	100%

- Projections for 2021: Russian Federation 80%+, Azerbaijan 15%+

# Network Development



Source: Transparency ENTSO

# Network Development

## Missing pieces:

- The Interconnector Greece-Bulgaria (182 km) **has not been completed** and it has been 12 years now!
- There is **no Interconnection Agreement between BOTAS and Bulgartransgaz EAD**, which is one of the key elements to offer the available capacity to market users!
- **No physical flow** at Negru Voda I/Kardam and Negru Voda II,III/Kardam towards Bulgaria!
- **No FID** for the Alexandroupolis FSRU project!

# Challenges

- The market is **heavily monopolized by state players**.
  - Bulgargaz EAD, the state-owned public supplier and the main gas market player, has over 90% market share.
- There is a lot of **political interference** in the energy sector.
  - Changing the regulated price retroactively and imposing a moratorium on electricity prices and tariffs are not market measures.
- The **liquidity is rather low**.
  - The creation of a second gas exchange had no contribution liquidity-wise.
- **No clearing services** are offered at either of the gas exchanges.
  - This creates a **credit risk** for the market players.

# Opportunities

- Diversification of the supplies in Bulgaria does not necessarily mean importing gas **from the south** and there is **immediate demand** for gas!
- 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;
  - The initiative can **pressure** the interconnectivity issues.



# Thank you for your attention!

Please feel free to reach out:

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