

To

Assoc. Prof. PhD Ivan Ivanov

*Chairman of
Energy and Water Regulatory Commission
8-10, Knyaz Al. Dondukov Blvd.
1000 Sofia*

SUBJECT: *Bulgartransgaz EAD opinion on the proposed amendments to the Network Code of ICGB AD*

Dear Mr. Ivanov,

Regarding the public discussion held on 14.09.2022 of amendments to the Network Code of ICGB AD for IGB gas pipeline, we present to your attention and kindly ask the following opinion to be considered:

First of all, it should be taken into account that IGB gas pipeline is an interconnection (interconnector), connecting the gas transmission system of Bulgaria with the gas transmission system of Greece and with TAP gas pipeline. It is intended to transport large quantities of natural gas between neighbouring market zones of member states - Bulgaria and Greece, and through TAP - between the Caspian region (third countries) and Bulgaria. Its significance as a gas highway for supplies from alternative sources of natural gas and, respectively, for the security of supplies to Bulgaria, is indisputable.

In this regard, we express serious concerns that the introduction of Virtual Trading Point (VTT) and new exit points to distribution systems will compromise the main objective for which that gas pipeline was constructed and its designation as an important part of the Southern Gas Corridor.

In addition, the introduction of VTT and a new exit point Kardzhali and thus the formation of IGB gas pipeline as a separate market zone (gas transmission network) requires a very serious analysis (which is missing in the Working group Report) about how that major change will affect, on one hand - the natural gas market in the country, and on the other hand - the security of supplies along that gas pipeline, intended for delivery to Bulgartransgaz EAD gas transmission network at exit point Stara Zagora and from there - to all consumers in the country. Is equal access to the cheaper Azeri gas guaranteed to all Bulgarian users or will separate, privileged market zones be formed?

Without that serious analysis, the proposed amendments should not be adopted.

Please note that at this stage of run into operation of IGB gas pipeline - from October 1, 2022, and the start of supplies of Azeri gas under the contract with Bulgargaz EAD, the amendments proposed (the introduction of VTT and a new exit point Kardzhali) are not at all imperative and necessary.

Apart from the above, but no less important is, that any connection to IGB gas pipeline has the potential to compromise the exit pressure to Bulgartransgaz EAD gas transmission network at Interconnection point Stara Zagora.

There is no indication in the Working group's report that this matter has been investigated and verified in so far as it is capable of directly affecting downstream security of supply.

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In this regard, we also express concern that as specified in paragraph 22.2 of the Network Code, with minimum entry pressure to IGB - 36 barg at entry from the network of the Greek gas transmission operator DESFA S.A. and 45 barg at entry point with TAP system, supplies through IGB gas pipeline shall be put at risk, because at such pressure ICGB AD cannot provide the necessary pressure of 46.5 barg at entry to the gas transmission system of Bulgartransgaz EAD, at Interconnection point Stara Zagora.

A significant shortcoming of the Network Code is the absence of an obligation of ICGB AD to guarantee pressure at exit point Stara Zagora, provided that users ensure the required pressure at the entry points to IGB gas pipeline.

In addition, the gas quality parameters specified in the Network Code of ICGB AD (paragraph 22.4) do not correspond to those agreed with Bulgartransgaz EAD in the signed technical Interconnection agreement and should be changed accordingly.

We expect an active position of the Bulgarian Regulator on the issues raised, with a view to the trouble-free use of the services provided by ICGB AD and above all - to ensure security of supplies for Bulgarian users at a reasonable prices.

Sincerely,

Vladimir Malinov
Executive Director

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