

Almost 100% Bulgaria's gas is imported. Imports and exports of natural gas depend on the capacity of seven entry and exit points on cross-border gas pipelines in Bulgaria. A review of the long-term capacities reserved so far shows that Gazprom has all of the country's key exits in the strategic southern direction to Turkey, Greece and North Macedonia, as well as to Serbia in the west.

It was a well-kept secret that Gazprom, Russia's oil and gas juggernaut, has laid its hands on key gas connections along the borders of Bulgaria until a journalistic investigation by EURACTIV Bulgaria exposed this. While European institutions believe they have set the right rules for energy liberalisation and a competitive gas market, Gazprom has trumped the cards by taking control of Bulgaria's market and opening its way to the entire Balkans. The extension of Russia's Turkish Stream gas pipeline through Bulgaria, called "Balkan Stream" by Prime Minister Boyko Borissov and falsely labelled as an extension of the national gas transmission network, is just the tip of an iceberg the United States noticed when they said they would sanction Turkish Stream.

Under the nose of the European Commission, Gazprom has taken over the most important border points of Bulgarian transit pipelines, without having to pay billions of euros for their construction and without owning the pipes - circumventing EU rules under the Third Energy Package. The billions for Balkan Stream are provided by the Bulgarian state, and the takeover took place through long-term contracts between Gazprom and the Bulgarian state operator Bulgartransgaz covering the reservation of almost all border capacities, according to data from the European Network of Gas Operators (ENTSO-G).

How is Russian gas moving in Bulgaria?

Until the end of 2019, Gazprom supplied natural gas to the so-called southern direction in Europe, via Ukraine and Romania to Bulgaria, Turkey, Greece and Macedonia. From 1 January 2020, transit started flowing in the opposite direction, coming from Turkey via the second pipeline of the newly built Turkish Stream. The old route through Ukraine is no longer in use but Gazprom continues to possess its capacity rights. It continues to hold the entrance to the system of Negru Voda II and III in Romania, as well as the exit of the Bulgarian-Turkish border Strandzha I - Malkoclar.

Along the new route, Gazprom's gas enters through the Bulgarian-Turkish border at the Strandzha II - Malkoclar entrance, which connects the Russian Turkish Stream pipeline with the Bulgarian national gas transmission network. The capacity is reserved for more than 90% of Gazprom and its related Swiss-registered company MET under a long-term contract running until 2039. In fact, the percentages do not really matter because this pipe has no physical connection with any other - the gas comes directly from the Russian compressor station near Anapa, on the northern shore of the Black Sea. No other player has physical access to this gas inlet. After entering Bulgaria, some of the gas goes to the

country's national gas transmission network for domestic needs, and the rest transits to Greece and North Macedonia. With the construction of the Balkan Stream as a continuation of the Turkish Stream in the country, Russian gas will take a new direction west to Serbia. Experts have already expressed bewilderment at the renaming of Balkan Stream as "development of Bulgaria's national gas transmission network" because the project is a typical transit gas pipeline. It does not envisage any deviation to the internal gas transmission network of Bullgartransgaz in north-western Bulgaria, which is in need of gasification. If Balkan Stream was in the interest of Bulgaria, the national gas transmission network would be deployed with many branches in order to reach as many settlements and consumers in northern Bulgaria as possible.

However, Bulgartnasgaz has done the opposite: it invests in a transit pipeline, which is entirely in Gazprom's service as a continuation of "Turkish Stream". To the west, the continuation of Turkish Stream leaves Bulgarian space at the Serbian border city of Zajecar, where Gazprom Export and affiliated companies hold 80% of the capacity. To the southwest, Russian gas reaches Macedonia at the Kyustendil-Zhidilovo exit. Gazprom holds 100% of the export capacity there. To the south, Gazprom supplies Greece and has reserved nearly 100% of the capacity of the Kulata-Sidirokastro exit. The border point of the Bulgarian-Romanian gas connection near Ruse - Giurgiu is left almost completely free, but the fact is insignificant since Romania is a gas-producing country. For the same reason, almost the entire capacity of the other Bulgarian-Romanian checkpoint Negru Voda I - Kardam is free. Thus, it turns out that the only opportunities for free export of non-Russian natural gas through Bulgaria are north to Romania and from there, possibly small quantities to Ukraine via the old transit route through Negru Voda I, from which Russian gas came in the past. Such conditions pave the way for Gazprom to take over the entire Bulgarian market. There is little chance that Prime Minister Boyko Borissov's favourite project - the Balkan gas hub - will operate as a "European hub", while all southbound gas routes to Turkey, Greece and Macedonia are blocked.

The consequences for the wider European gas market are severe. Greece will be overflowing with gas from the Southern Gas Corridor and LNG terminals, but it is isolated from the circulation of flows through Bulgaria. Gazprom already holds the entire South direction. According to some experts, the moment of truth will come when the Balkan Stream is put into operation and it will become obvious that it is in violation of the European Gas Directive, as Gazprom holds more than 50% of its capacity.

By decrypting some messages, it is possible to work out why Bulgaria agreed to this model. These are, without any doubt, confidential commitments. At a joint briefing with Borissov in 2018, Russian President Vladimir Putin said: "The penalty (due to the suspension of South Stream) was paid by Gazprom. Gazprom's total losses in connection with the refusal of South Stream are about €800 million. It is written off as losses." Officially Russia has

cleared Bulgaria of claims over the cancellation of South Stream. Turkish Stream replaced the defunct South Stream project, which was found to be in breach of EU law. However, the fact that the sum is recorded as losses does not mean that Bulgaria has been forgiven. Experts who asked not to be named say that the way to repay this debt is the Balkan Stream gas pipeline, which is financed with Bulgarian money and is being built by Russian and Belarusian companies. Once it is ready, it will be able to tip the entire gas market in Bulgaria and in the Balkans in favour of Gazprom. EURACTIV has asked the European Commission if Turkish-Balkan Stream complies with the EU requirement to reserve 50% of its capacity for other players, and was told that the project was in line with EU law.
Source: euractiv.com