

The wholesale price of natural gas could fall further than initially proposed 6.67 % drop by the company in early April, Bulgargaz Nikolay Pavlov, CEO of state-owned gas supplier has said.

Earlier this month, Bulgargaz proposed a decrease in wholesale natural gas price of 6.67 % for May. In addition, the company proposed further cut of 0.21 % for June. The company proposed to KEVR that the price of natural gas for May 2020 should be around 12 euros/MWh, excluding VAT and excise duty.

In early March, Bulgargaz and Russian Gazprom Export have finalized an agreement on 40.3 % reduction of the price at which Russia supplies natural gas to Bulgaria, backdated to 5 August 2019. Bulgaria was the last of eight EU Member States of Eastern Europe to strike a deal on a price cut with Gazprom, in the wake of a settlement reached between the European Commission and the Russian monopolist on an anti-trust investigation. According to recent change in regulation, the price of natural gas in Bulgaria is determined once a month, instead of previous method which included gas price adjustments once a quarter, and is also approved by the Commission for Energy and Water Commission (KEVR). A new hybrid formula will now be used, in which the European gas hubs will heavily outweigh oil market fluctuations. The proposed price cut takes into account prices on the European gas markets and the dollar rate. So far, the price of the Russian natural gas for Bulgaria was calculated on the basis of the oil prices for the last six months. Bulgaria covers all its gas needs via Russian imports.