

The Balkans have learned a lesson - natural gas is turning these countries towards more environmentally friendly energy, due to the fact that natural gas can replace coal in the short term, which is currently the main energy source in the Balkans. Therefore, not only the interests of the Balkan countries are being discussed for regional gasification, but such projects are being planned at full steam. However, intense political debate on projects to strengthen the gas network could pose a threat to planned development.

The gas market as we know it

Several years later, the natural gas market in the Balkans remains dependent on one gas supplier - Russia. In other words, the Balkan countries must be careful about their political relations with Russia, and at the same time, a monopolized market means that customers cannot challenge Gazprom for its price. The situation is similar in the rest of Europe. Despite the presence of other suppliers, as well as intense political debate on various topics between Russia and the European Union, Russia remains the most important supplier for many European countries. Germany and Italy, for example, are the largest importers of Russian gas, importing almost half of all imported gas from Russia to the EU.

Market future

There are strong initiatives to develop new infrastructure that will allow the Balkans to access gas from non-Russian sources, with a focus on the following:

- 1) the BRUA pipeline (Bulgaria, Romania, Hungary, Austria);
- 2) Trans-Adriatic Gas Pipeline (TAP);
- 3) Ionian-Adriatic Gas Pipeline (JAP); and
- 4) Krk LNG terminal in Croatia.

It is envisaged that each of these projects will connect several countries and possibly contribute to the development of the European market, which will have a positive impact on the energy sector of Southeast Europe.

BRUA gas pipeline

The name of this pipeline comes from the Romanian initials of the four countries (Bulgaria, Romania, Hungary, Austria) crossed by this pipeline. The pipeline is projected to be 1,318 km long, with a transmission capacity of 4.4 billion cubic meters of natural gas annually from 2022, if construction works are completed within the set deadline.

Construction of the pipeline is divided into three phases. During the first phase, 479 kilometres of gas pipeline will be built, including a metering station and three compressor stations. The second phase will focus on the construction of a 50-kilometer gas pipeline that will connect Romania and Hungary and several compressor stations, as well as connectivity to the recently discovered Black Sea gas fields. The third phase will further expand the gas

network.

This project is of great importance as it will bring gas from a new source to the market. According to media sources, the BRUA pipeline could be further expanded and linked to TAP, thereby strengthening the European gas network.

TAP gas pipeline

The TAP project is crucial not only for the Balkans but for the rest of Europe as it will bring Caspian and possibly Middle Eastern gas to Europe, inevitably reducing Russian market influence. Recent developments suggest that TAP will be fully operational in 2020, with an 878-kilometer pipeline linking Turkey, Greece, Albania and Italy. The project is currently in an advanced construction phase, as undersea work between Albania and Italy began in October 2018.

The TAP project will also influence the development of the Balkan gas network. Greece and Bulgaria have agreed to build a Greece-Bulgaria interconnection that will transport gas entering Greece via TAP or imported as LNG to Bulgaria. The length of the interconnection is 182 kilometres, with a capacity of 3 billion cubic meters a year, with a potential increase of up to 5 billion cubic meters a year. Moreover, Azerbaijan's state-owned oil company SOCAR, an energy conglomerate actively involved in the development of the Southern Gas Corridor, is interested in developing interconnections with closed Balkan countries not involved in the TAP project, as well as developing gas markets in Bulgaria, Albania and Montenegro.

However, the TAP project is not a standalone project, rather a part of a larger gas network and there are plans for further development. TAP will be connected to the Trans-Anatolian Pipeline (TANAP), while in the future another pipeline will be built and connected to TAP - the Ionian-Adriatic Pipeline (JAP).

JAP

The Ionian-Adriatic pipeline is still in the planning stages and must be further developed before construction works begin. However, this project can play an important role in the development of the gas network and gasification of the Balkans. Once built, JAP will act as a connection between the Balkans and TAP and the gas hub in central Europe. The JAP is expected to be 516 kilometres long and will pass through Croatia, Montenegro, Bosnia and Herzegovina and Albania.

The pipeline is anticipated to end in Split, Croatia, but there are plans to transport gas to Hungary and other countries in Central and Western Europe. JAP extension may eventually lead to its connection to the LNG terminal on the island of Krk in Croatia.

The JAP project creates an important opportunity for gasification of the Balkan countries that will not initially be connected by the TAP pipeline. Through potential interconnections

with Serbia, Northern Macedonia and Kosovo, JAP can guarantee energy security for the entire region.

However, there are concerns regarding the development of JAP. Such concerns include claims that JAP could be considered a competitor to other projects, especially BRUA, as both could serve as connections for the European market. These projects, on the other hand, can be seen as part of a large gas network that supplies the Balkans, providing the region with other options instead of exclusive dependence on Russian gas.

The saga continues

Although the above projects are currently seen as the most important, it is important that the gasification plans for the region do not end there. Croatia plans to build a terminal for the regasification of liquefied natural gas on the island of Krk. Thanks to this, LNG can be imported into Croatia and further distributed to other countries of the region. The terminal is expected to be completed in 2020.

Russia remains in the Balkans

Although the envisaged projects will open the market for other suppliers, Russia is still present and plans to further develop its network. Turkish Stream 1 and Turkish Stream 2 are projects that will transport Russian gas to Turkey and other European countries. The first *stream* is focused exclusively on the Turkish market and its construction was completed in November 2018. As for the second gas pipeline, it is not yet known how the gas will be delivered to Europe and which markets will definitely be affected – this issue is crucial for the Balkans.

However, as the Turkish Stream spreads through Europe, Turkey could probably become Europe's next strategic gas hub. As for the other pipelines envisaged, it is yet to be seen how the Turkish Stream will affect their development.

What tomorrow brings? As the Balkan countries pull out of their comfort zones, it is certain that things will change. Goals were set, agreements were made and everything was prepared for gasification projects. However, regional dreams are not so easily achievable. Construction of the above projects will not be easy without the necessary resources, and although they create a gas network covering the region, the gas pipelines are still in competition with each other when applying for different funds.

On the other hand, each state has national interests that may differ from those of its neighbours. Not only is there competition in the construction phase, but predicted gas pipelines can become competitors fighting for their markets share.

However, the development of several gas projects is definitely a step forward for the region. Building projects will strengthen energy security and, in one way or another, develop the market and the energy sector as a whole. As the development of the energy sector increases

its potential, it is certain that the Balkans will remain the focus of the European Union and Russia. And the best in the gasification process is yet to come.