

According to Serbian media, Serbia has completed the laying down of the pipes for its section of the TurkStream gas pipeline.

Gas will be delivered from TurkStream through Bulgaria, Serbia and further to Hungary, through this pipeline, and further works on the gas infrastructure are being prepared. The construction of Serbian section of TurkStream gas pipeline extension, connecting Bulgarian and Hungarian borders, has officially started in May this year. With an envisaged capacity of almost 14 billion cubic meters of gas per year, 403 kilometers long Serbian section should be put into operation as early as 2020, and reach its full capacity during 2022. The operator of the pipeline in Serbia is local company Gastrans, a joint venture between Russian Gazprom and state-owned gas company Srbijagas.

In February, the Energy Community (EnC) Secretariat gave a positive opinion on the exemption granted by Serbian Energy Agency (AERS) to the project for the construction of gas pipeline connecting Bulgarian and Hungarian borders. However, EnC Secretariat said that Serbian company Gastrans, the operator of the future extension of TurkStream gas pipeline through Serbia, should offer 30 % of the pipeline's capacity to third parties. Gas should be offered on a quarterly basis and the price should not be higher than the price defined in the long-term contracts. The annual capacity of the interconnection points on the Bulgarian and Hungarian borders sold via auctions on a capacity booking platform should amount to 30 % and 35 %, respectively. The remainder should be sold to Gazprom Export and Srbijagas - the two shareholders of Gastrans. However, Director of the Energy Community Secretariat Janez Kopac said that AERS did not fulfill all conditions, envisaged by EU regulations for the construction of TurkStream gas pipeline through Serbian territory, especially those related to the improvement of competition.

TurkStream pipeline project emerged as an alternative for South Stream pipeline project which was cancelled in December 2014 due to noncompliance with EU legislation. The construction of TurkStream pipeline was agreed between Gazprom and Turkish state-owned gas company BOTAS in December 2014. New pipeline will be constructed under Black Sea towards western Turkey. Capacity of the pipeline will be some 63 billion cubic meters annually, where some 14 billion cubic meters (one line) would be supplied to Turkey and remaining amount to Greece-Turkey gas hub. From this hub, natural gas will be supplied to both Bulgaria and Greece. However, in October 2015 Gazprom halved the proposed capacity of TurkStream gas pipeline to 32 billion cubic meters of gas per year, while Turkey insisted on the construction of just one line, with the option for the second line in the future. The final agreement envisages the construction of two lines (one for gas supply directly to Turkey and

the other for gas supply to Europe) with the capacity of 15.75 billion cubic meters of gas per year each.