

Bulgarian gas market: Role of gas in decarbonisation

Presentation panel 11 April 2018, Jayesh Parmar

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“ Clean energy and industrial competitiveness for sustainable development”



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We have extensive depth of expertise across the Energy Industry via our work with different clients across the energy value chain



Increasing the use of gas is an opportunity

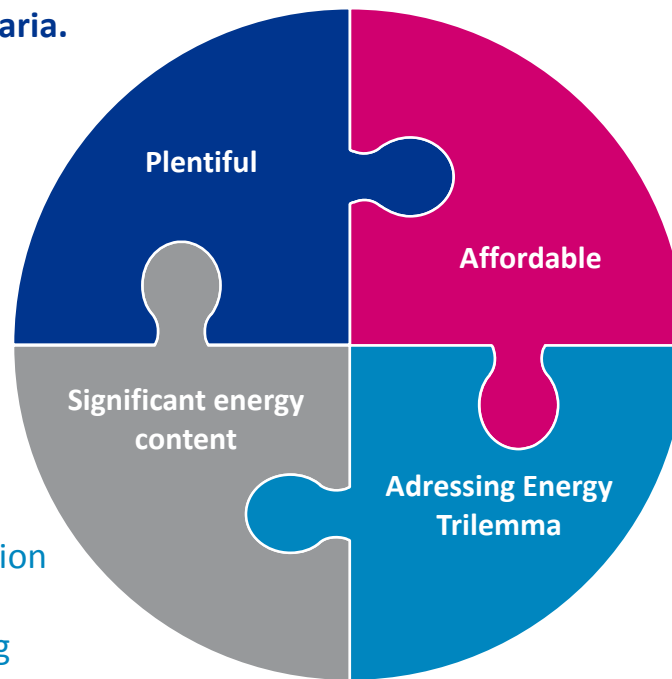
The characteristics of natural gas mean that it can and should play a key and increasing role in the future energy mix of Bulgaria.

It is a fuel in plentiful supply globally, and with good exploration potential in Bulgaria.

The Bulgarian gas market could tap into additional sources of gas, and enable competition in supply, with selective infrastructure investment and the gas hub initiative.

Gas efficiently delivers and stores significant energy content.

Gas is particularly effective in the provision of heat; and decarbonising heat is challenging with full electrification being very costly. Gas can meet peak and flexibility needs at a relatively low cost.



With global prices projected to remain relatively low, gas is an affordable part of the energy mix

Market reforms under EU-acquis guidance will help this.

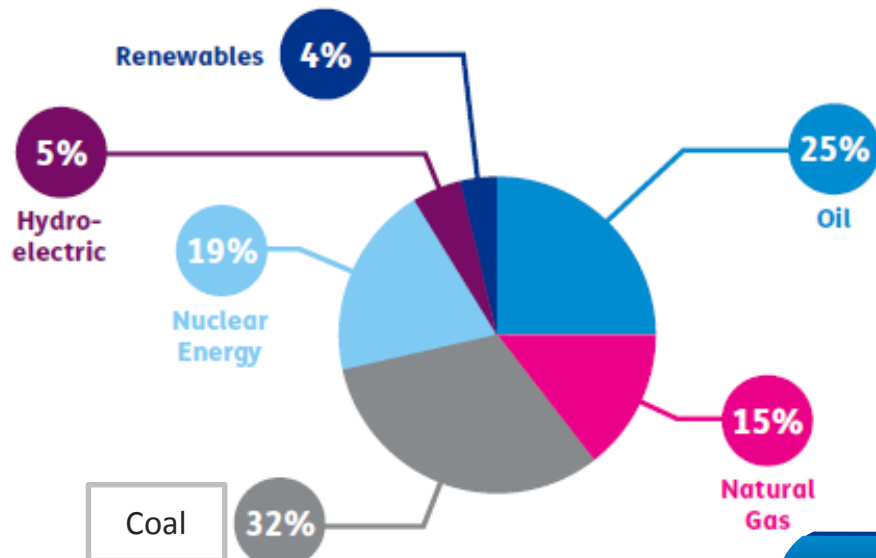
Gas can effectively help address the Energy Trilemma: delivering decarbonisation, maintaining security of supply, and ensuring that energy is affordable.

Gas is low-carbon and can play a key role in Europe's decarbonisation pathways by replacing higher carbon emitting fuels, and working in partnership with renewables to meet energy demand and flexibility needs.

Role of gas has been relatively limited thus far

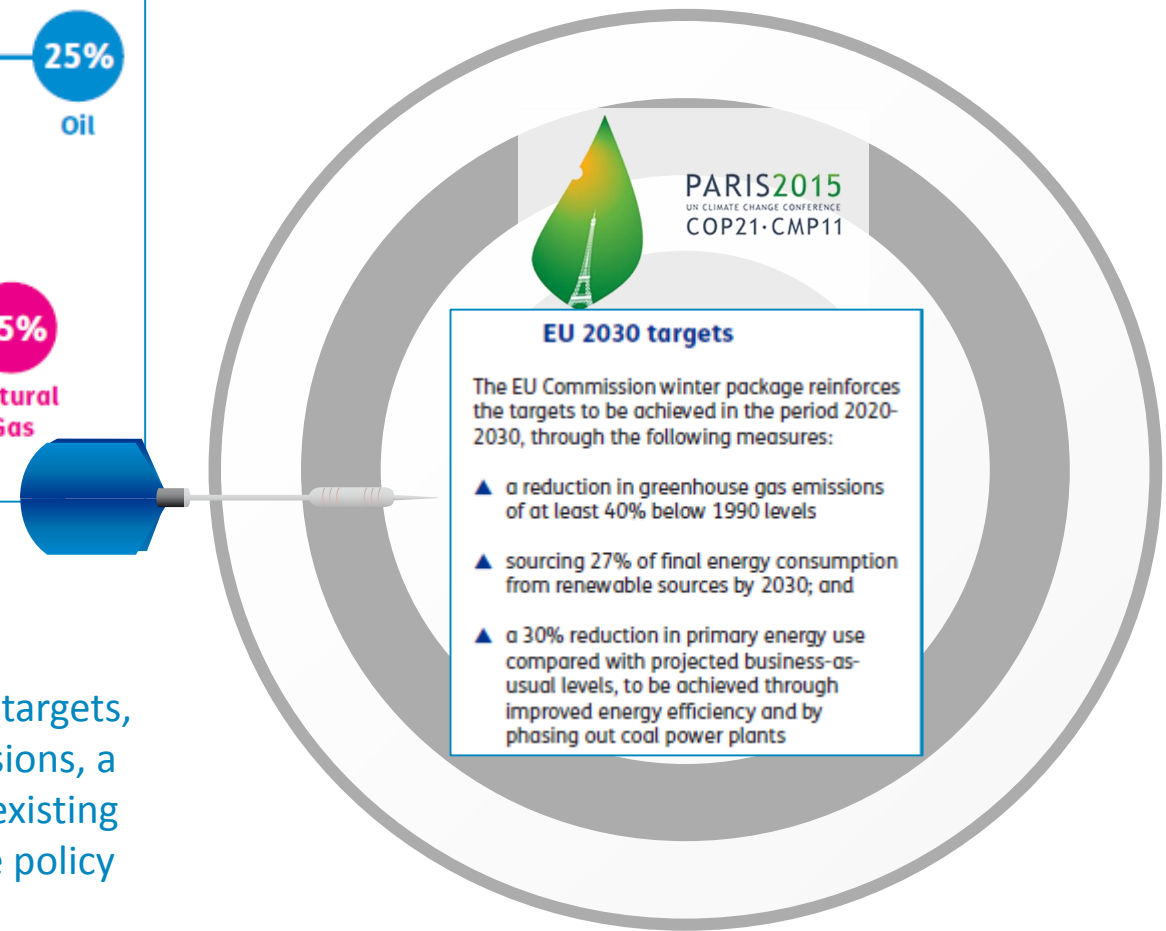
Hitting the EU 2030 and longer term targets could be focused with an enabling energy strategy

Figure Bulgaria Primary Energy Consumption in 2016 (in %, total 18.1 Mtoe)



National energy strategy 2020-2030

For Bulgaria to meet its 2030 climate change targets, and in particular the reduction of CO₂-emissions, a more detailed plan for the transition of the existing energy mix is needed, along with supportive policy developments



Focus areas for detailed transition plan to 2030

Two focus areas are suggested for policy makers in the plans to be set out in the national energy strategy for 2020-2030 as a bridge to the future

- **Unlock market access for gas**
 - **Enable enhanced market access using the detailed EU-acquis as guidance**
 - **Support for selective infrastructure investment**
- **Create level playing field between gas and power**
 - **Allow gas to freely compete in the market by ensuring it is not detrimentally treated via regulation and policy versus electricity**

Suggested next steps



Engagement with stakeholders is key

A key first step is for the Bulgarian policy makers, during the course of 2030 strategy definition, to engage thoroughly with gas industry participants and stakeholders (including trade bodies and NGOs) to build a complete picture of the opportunity for gas and the role it can play in Bulgaria's energy future.

Maintaining the status quo is not an option

If the status quo for gas in Bulgaria is unchanged, the opportunity to deliver a transition to a further decarbonised, low cost and secure energy supply in Bulgaria will be missed. Bulgaria will continue to be a relatively small gas market with a flat growth outlook, lacking attraction for competitive suppliers and investors.

The fundamental risk is in Bulgaria not meeting affordably and securely its 2030 European energy and climate targets, and failing to have an appropriate plan for achieving these and longer term targets.



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***Note slide 4:**

This qualitative case study is a Baringa contribution to the debate across Europe, as initiated by ‘role of gas’-event co-organised in November 2017, with Eurogas, National Grid, and support of ENTSOG. This case study – made in part possible by commercial funding by Shell – can be a helpful input to the preparation of national energy and climate plans in course of 2018. As a strong believer in the critical role that natural gas will play in addressing the energy transition, Shell is highly motivated to lead the dialogue and support others, such as Baringa, who contribute to it with analyses and recommendations.