

Delian Dobrev  
Committee on Energy  
National Assembly of the Republic of Bulgaria  
1 Knyaz Alexander I Sq  
1169 Sofia, Bulgaria

Amsterdam, 1 December 2022

**Subject: planned amendments to the Gas Release Programme**

Dear Mr. Dobrev, Dear Members of the Committee on Energy,

The European Federation of Energy Traders is an association of 130 companies from around Europe engaged in trading electricity, natural gas and carbon. We have been following closely the developments on the Bulgarian gas market for years and it has now come to our attention that a new law amendment was recently voted to cease the implementation of a gas release programme. With this letter we would like to express our concern and warn of the negative, unintended consequences of such action.

**Key Points:**

- Gas release programme gave consumers the opportunity to choose the supplier, encouraging the latter to offer the most suitable products at the best price;
- The abolition of the programme will benefit the former incumbent, leaving other companies at a disadvantage, potentially forcing them out of business as they are no longer able to source gas at a competitive price;
- Prices for end-customers will likely increase over time, as the incentive to present competitive offers is weakened. Indeed, with negligible volumes being traded via the transparent market, it will be difficult for anyone to determine what a “fair price” actually is in Bulgaria.

We regretfully note that the amendments to the Energy Act that are to annul the gas release auctions for 2023 and 2024 have been proposed under a seemingly unrelated act and voted without any prior consultation with the industry. While we understand that the intention was to offer relief to gas consumers in Bulgaria, we are convinced that the move will have an exactly opposite effect, particularly over the medium- and long-term, as the former monopoly faces shrinking competition from independent stakeholders.

We further note that the amendments in question come at a time when competition in Bulgaria was developing well and the exchange (Balkan Gas Hub) has taken steps to develop a functioning spot and forward market (see figure 1 in the annex). The disappearance of the gas release programme will once again remove the gas from the exchange, as Bulgargaz EAD will no longer have the incentive to trade it there with third

parties. As liquidity drops, it will be difficult to determine what price for gas delivered to end customers in Bulgaria can actually be treated as fair.

Finally, we would like to stress that we disagree with the assumption that the gas release programme has led to any form of market distortion. Once sold at the auction, the volumes of gas could be traded freely between different stakeholders and reoffered to the market through the exchange in a transparent manner. This was exactly the goal of the gas release programme as discussed and agreed with the different stakeholders back in 2019. The ability to access to gas in a competitive manner has already attracted interest of independent companies and their number active on the exchange has nearly tripled since the programme has started (see figure 2 in the annex). **We therefore invite the Bulgarian authorities to reconsider the decision to cease the implementation of the gas release programme that was on track to achieve its goals as set out by the National Assembly three years ago.**

Kind Regards,

On behalf of EFET TF CSEE-G,



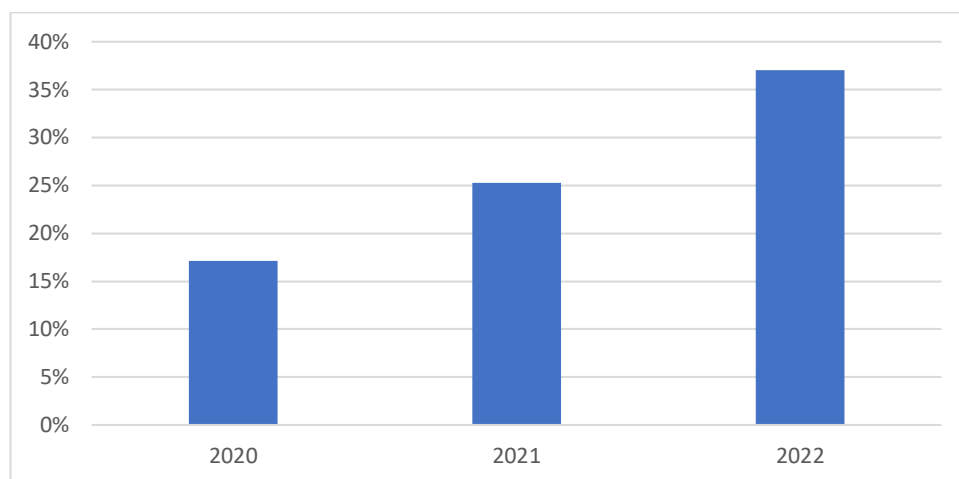
Davide Rubini, Chairman of EFET Task Force CSEE-G



Doug Wood, Chairman of EFET Gas Committee

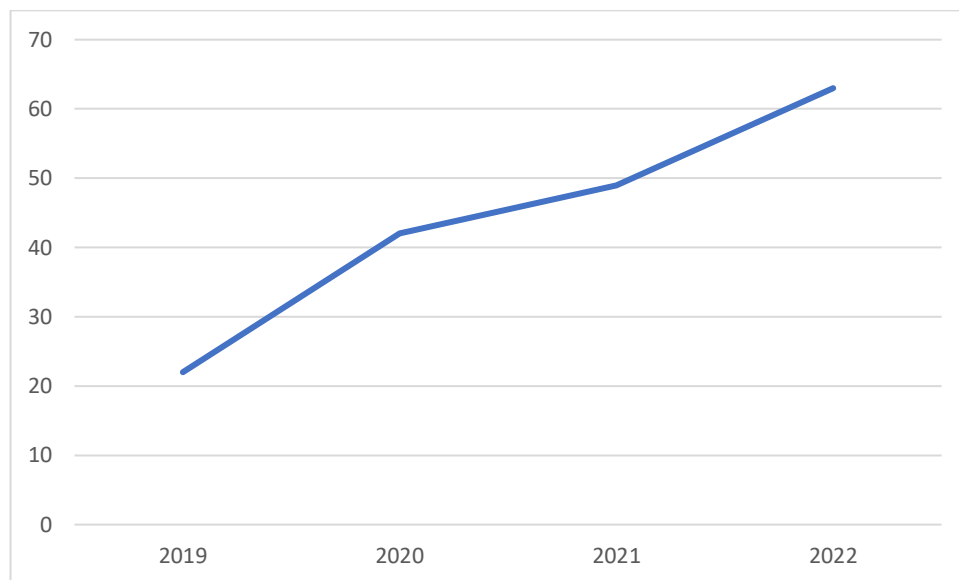
**Annex**

**Figure 1.** Share of gas release programme-related volumes in the total volume traded through the Balkan Gas Hub in a given year\*.



\*2022 figure based on the volumes traded until the end of October.  
Source: Balkan Gas Hub data.

**Figure 2.** Number of companies trading at the Balkan Gas Hub



\*2022 figure based on the number observed for November.  
Source: Balkan Gas Hub data.