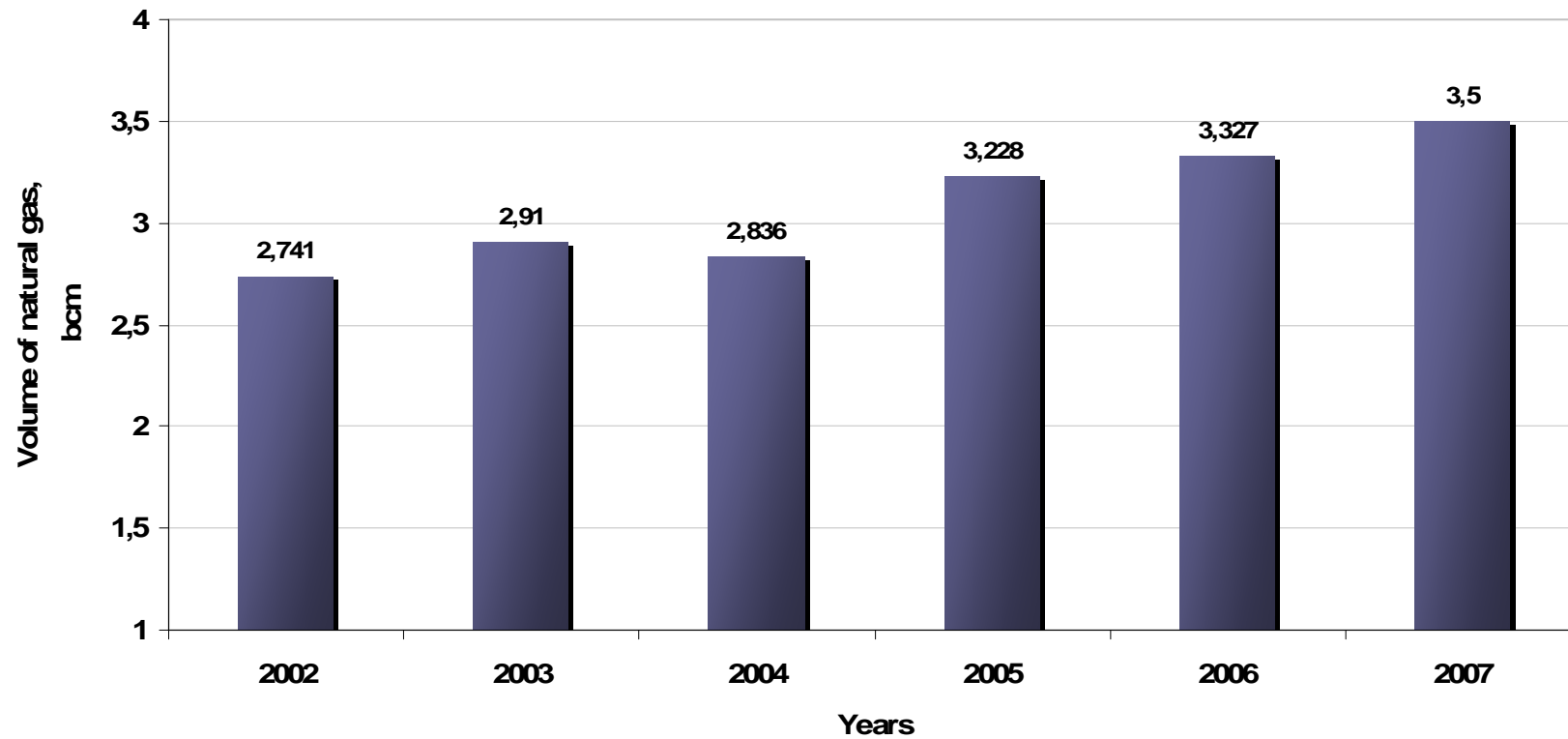




Natural gas market in Bulgaria 2006 and 2007

*Deyan Kalaydzhiev
Director "Strategic marketing and planning"
Overgas Inc. JSC, Bulgaria
Geneva, 22-24.01.2008*

Total natural gas consumption in Bulgaria, bcm



• In 2006 – 3,3 bcm

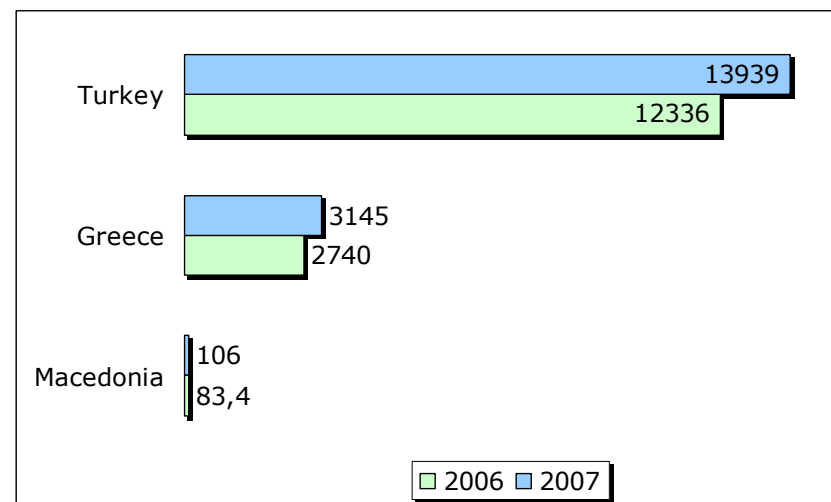
• In 2007 – 3,4 bcm

- **2006**
 - Import - 2,97 bcm;
 - Production - 0,508 bcm.

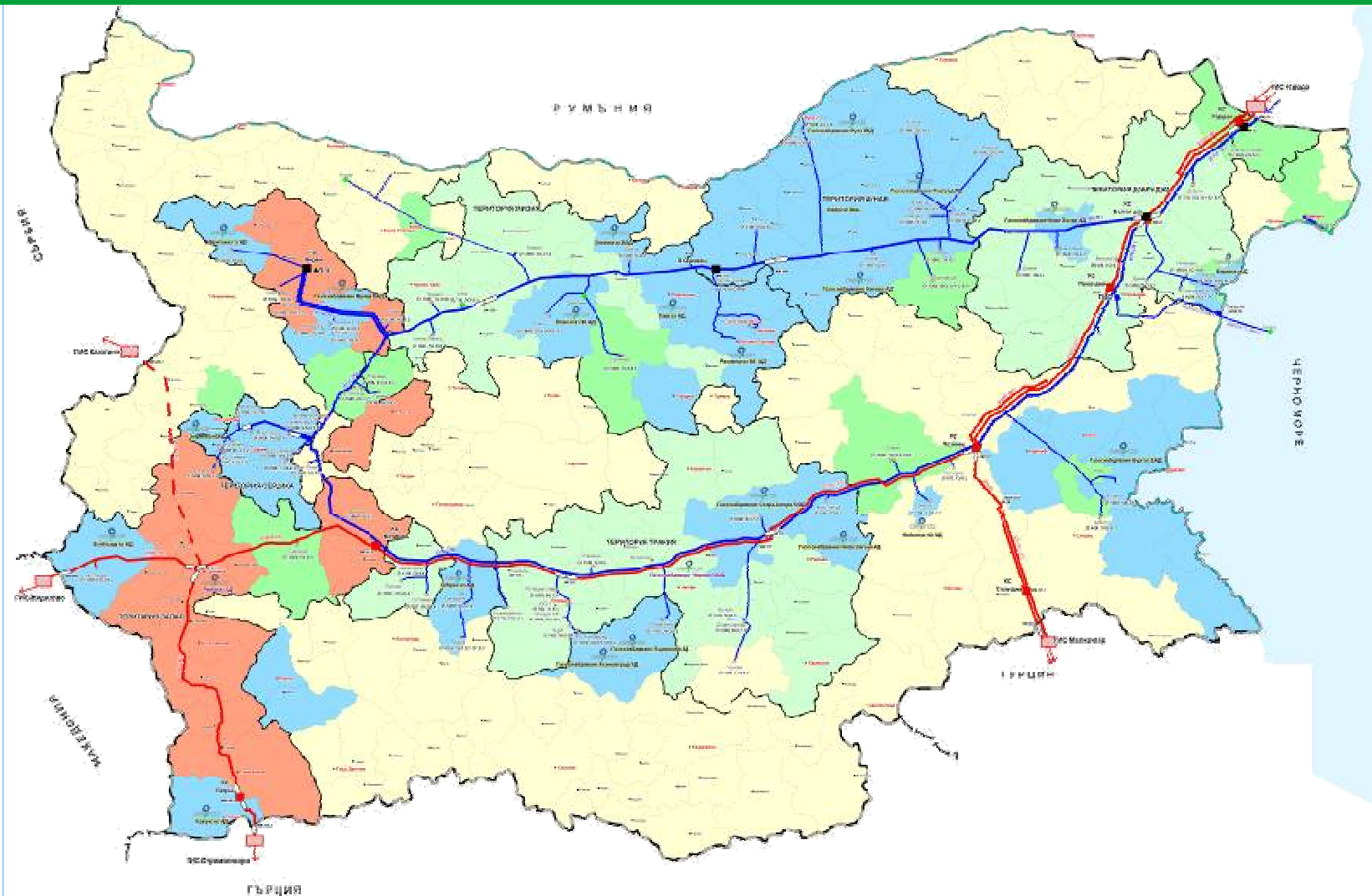
- **2007**
 - Import - 3,11 bcm;
 - Production - 0,291 bcm.

- **Transit to Turkey, Greece and Macedonia:**
 - 2006 - total 15,190bcm
 - 2007 - total 17,190 bcm

Average consumption per capita - 460 m³/year



Gas distribution map of Bulgaria

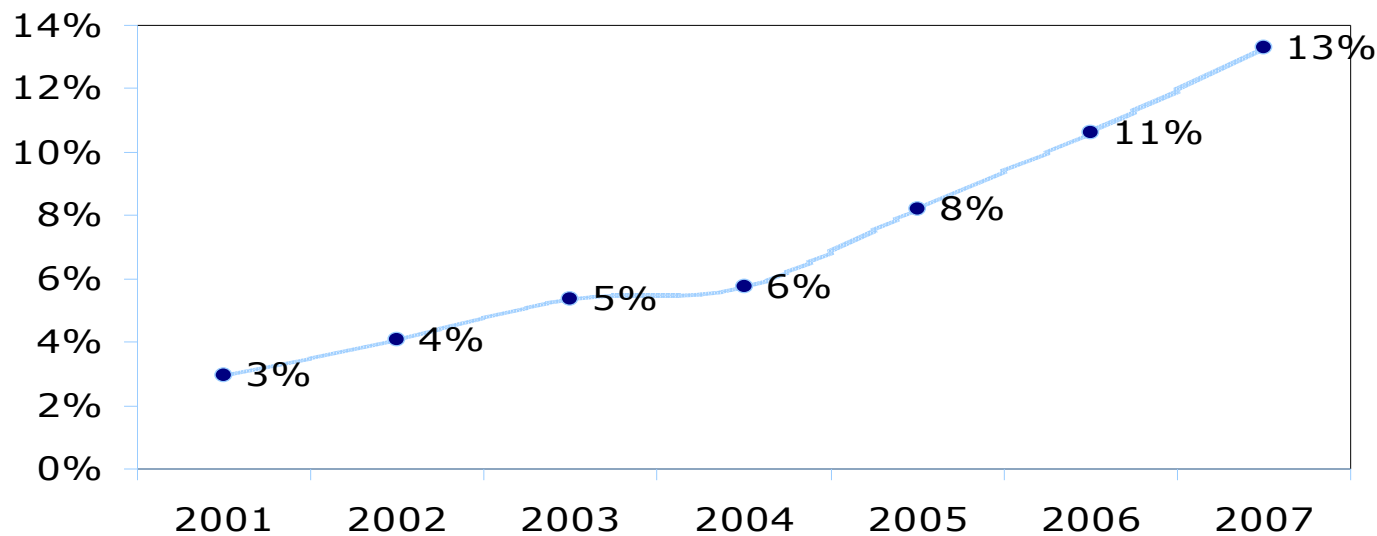


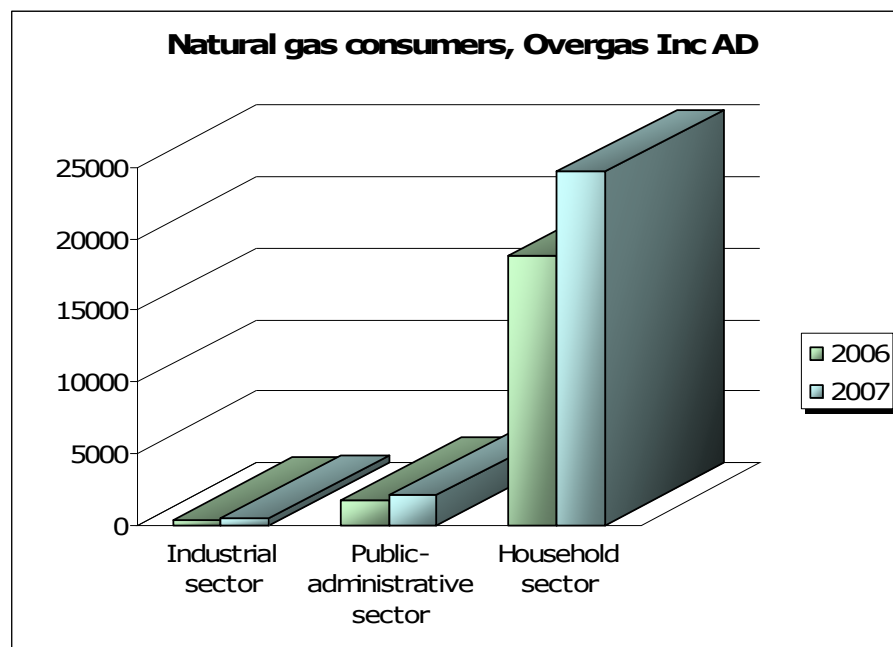
Licensed territories of OREGAS subsidiaries

Natural gas distribution sales in Bulgaria, million m³

2001	2002	2003	2004	2005	2006	2007
93	113	147	158	225	291	365

Distributed volume of natural gas to Total natural gas consumption ratio





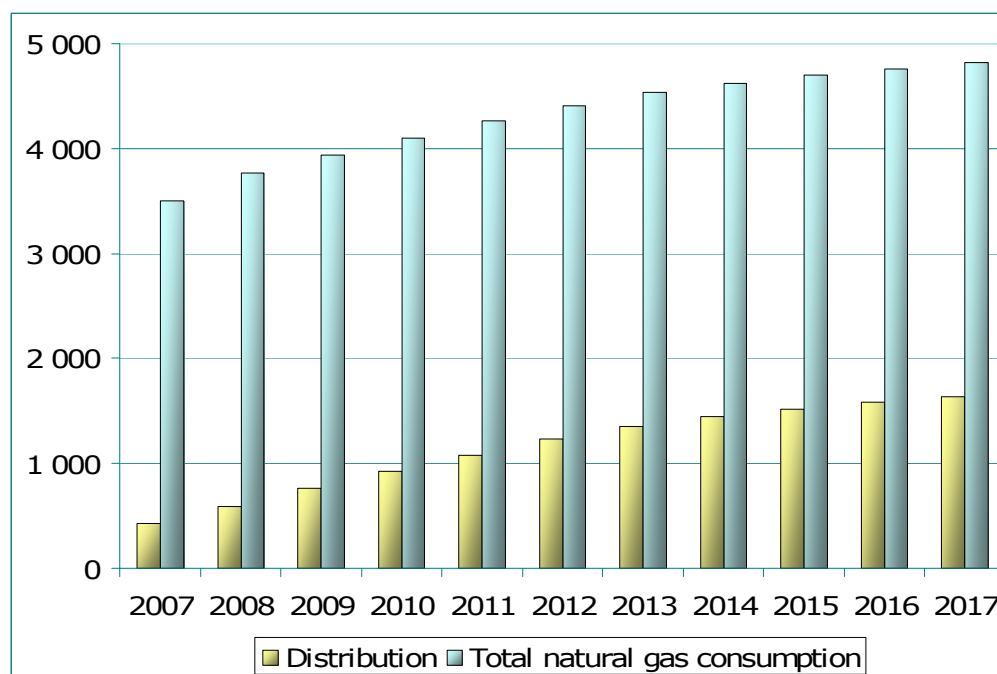
- **Still less than 1% of the households in Bulgaria are using natural gas!?**
- **Overgas Inc. JSC** subsidiaries have connected more than 75% of all natural gas consumers in Bulgaria;

- **Overgas Inc. JSC** holds 60% of all issued licences for natural gas distribution in Bulgaria;
- 70% of the total distributed volume of natural gas in Bulgaria is distributed by subsidiaries of **Overgas Inc. JSC**.



80% of all investments in gas distribution sector were made by **Overgas Inc. JSC** subsidiaries;

- Natural gas **consumption and distribution** in Bulgaria 2008 – 2017, million m³ (*pessimistic scenario*)



- According to the **optimistic scenario** at the end of period (2017) natural gas consumption will reach **6,5 bcm** and the volume of the distribution will increase up to **2,6 bcm**.

- Nabucco



- South Stream

Benefits for Bulgaria

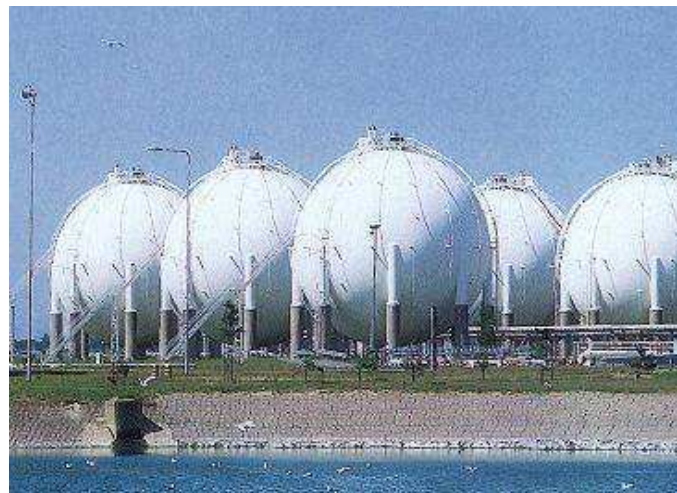
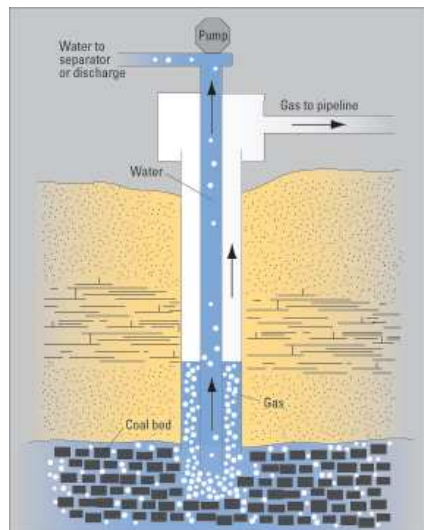
BULGARIA – a European energy corridor

Security of supply

Satisfying EU's natural gas hunger

Social, environmental and economical advantages for the region

- Projects in the field of R&D, production of oil and gas;
- Small-size LNG plants;
- Developing and expanding the market of compressed natural gas (CNG).
- New underground storage facilities for natural gas.



- Overgas Inc. JSC is a joint stock company with the following shareholders:

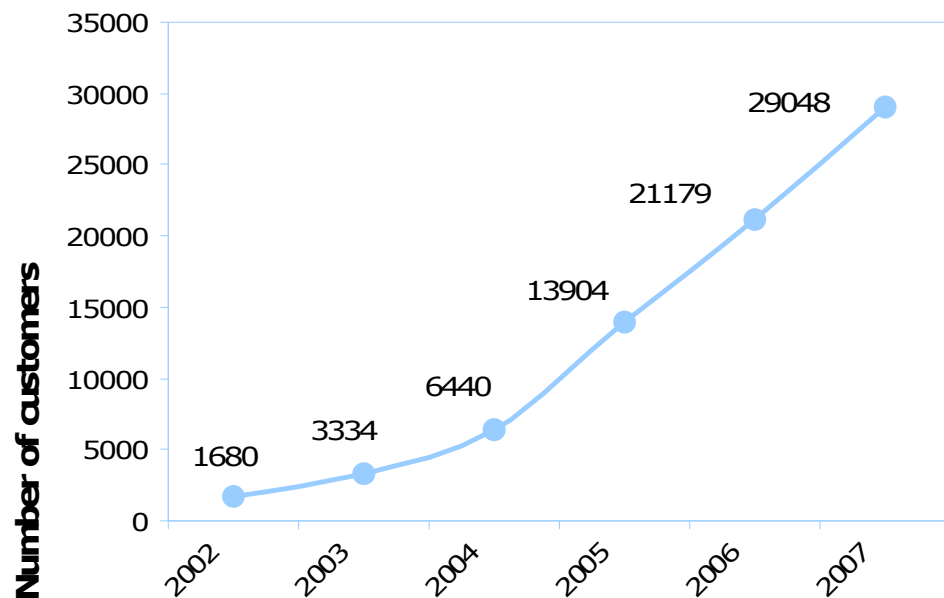


- Overgas Inc. JSC is the main shareholder in **26 gas supply companies**. They operate on the territory of **50 municipalities** inhabited by more than **3 million people**.



- More than **1 800 km** of gas supplying and gas distribution pipelines are built with investments over **EUR 94 million**.

Customers of Overgas Inc JSC

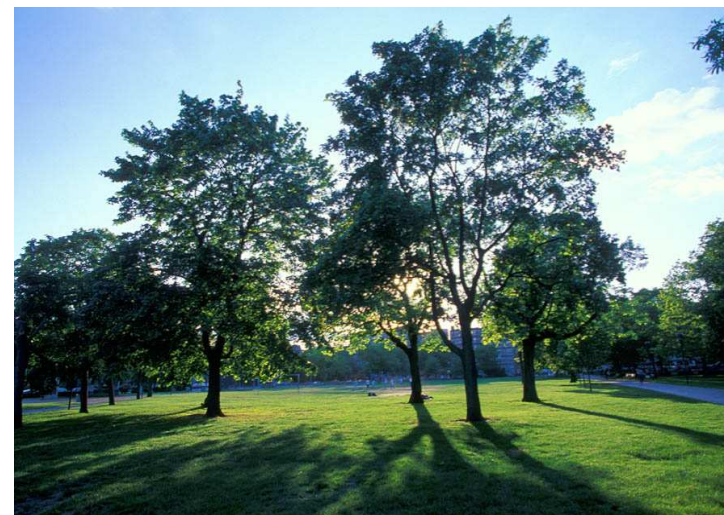


- Gasification is the fastest developing process in Bulgarian energy market.
- As of 2007 approximately 29 000 users are connected to the natural gas distribution network of Overgas Inc. JSC.
- The growth rate of the new consumers has been sizeable and steady for the last 5 years.
- For 2008 we are expecting that the number of the consumers will reach 56 000.

Benefit of using natural gas in Bulgaria



- In the industrial sector natural gas is up to **40% cheaper** than the alternative – heavy oil (3,5% S);
- In the residential sector natural gas is **2,6 times cheaper** than the average electricity price;
- In the public-administrative sector natural gas is **3 times cheaper** than gas oil.



- Only in **2006** as a result of the replacement of traditional fuels with natural gas the direct emissions of greenhouse gases in the cities gasified by Overgas Inc JSC decreased by **300 000 tons**.
- In **2006** natural gas has replaced:
 - **120 000 tons** of heavy fuel oil;
 - over **60 000 tons** of gas oil
 - **60 000 tons** of coal



“Overgas Inc.” JSC

**1407 Sofia, Bulgaria
5 Philip Kutev Str.**

www.overgas.bg
