

Estonia Passes Law to Break Gazprom Grip on Network

By [The Moscow Times](#)

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Estonia approved legal measures to separate the ownership of gas sales and transmission by 2015 and cut dependence on Gazprom.

The measures, which require parliamentary approval, ban owners of the transmission unit of Eesti Gaas from having gas production or sales operations, the Economy Ministry said on its web site late last week. Failure will result in a fine on Eesti Gaas and proceedings to nationalize the national power grid, it said.

Eesti Gaas shareholders will use all options to protect their interests, including courts, if needed, a company board member said.

"The government is wrong in saying Eesti Gaas's ownership of transmission pipes is an obstacle to developing the market," said Eesti Gaas management board member Raul Kotov in an e-mailed response to Bloomberg questions. "The Competition Board has never

made any complaints about restrictions to use of our grid or that someone can't join it."

Estonia's ruling Reform Party published plans in 2010 to unbundle the gas industry and reduce dependence on Gazprom, Eesti Gaas's biggest owner and the sole supplier of gas to Estonia, Latvia and Lithuania. The government should nationalize Eesti Gaas's pipelines to create a functioning energy market, grid operator Elering said in November.

Gazprom owns 37 percent of Eesti Gaas. Germany's E.ON has a 33.7 percent stake, Finland's Fortum has 17.7 percent and Riga-based Itera Latvija owns 9.9 percent.

Shareholders' estimate for the price of the transmission grid "significantly" exceed the Competition Board's estimate of 120 million euros (\$154 million), according to a letter to the government by Eesti Gaas chief executive Tiit Kullerkupp on Jan. 2, published on the State Chancellery's web site.

Estonia, Latvia and Lithuania are seeking EU support to build a liquefied natural gas terminal in the region, saying they're being charged more for Russian gas imports than western European countries and citing supply risks.

Estonia, Finland and Latvia weren't required by the European Union to unbundle their gas industry. The three countries won exemptions from the 27-member bloc until they are not directly connected to grids of other member countries.

"Compared with the time for seeking the exemption, the situation on the natural gas market has changed both globally and in the Baltic Sea region and now allows new opportunities to develop the gas market already by 2015," the ministry said.

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