

Gazprom Selling Stake in Lithuanian Power Plant

By [The Moscow Times](#)

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The management of Lithuania's Kauno Energija signed a final agreement on the sale of a controlling stake in thermo-power station Kauno Termofikacijos Elektrine, or KTE, which is majority owned by Gazprom, to the U.S.-based Clement Power Venture, Interfax reported.

The deal was done despite misgivings on the part of the Kaunas city municipality, Kauno Energija's main shareholder, as to the actions of the heating company's management board, Baltic News Service reported. The documents were signed and management decisions made during a period when Kauno Energija chief and Kaunas city Mayor Andrius Kupcinskas was on vacation. He said on Monday that the positions of the city municipality and company management differ. In his view, he said, company management should have sought the main shareholder's views prior to making its decisions.

The agreements need to be approved by shareholders, who will meet on this issue Aug. 17.

"After the documents are signed [by Gazprom] there will be no obstacle drawing the deal out, and this will make possible an inflow of investment and a reduction of heating prices," KTE chief Antanas Pranculis said. Kauno Energija management approved last week changes to agreements with KTE that pave the way for selling the power station to a new investor.

The company's shareholders will take up the terms for Gazprom selling off KTE shares, as well as those for the cessation of obligations under a surety agreement, at their Friday meeting. Only afterwards will Gazprom be able to complete the sale of the controlling stake to Clement Power Venture.

Gazprom, along with Dujotekana and Clement Power Venture, acquired the Kaunas station from Kauno Energija in 2003 for about \$40 million and undertook the obligation to increase its capacity to 80 megawatts with investments of more than \$140 million.

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