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Gazprom Forced to Lower Prices for RWE

By The Moscow Times

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Gazprom will amend its contract with German utility RWE following a legal ruling that adjusted Gazprom's gas price formula, Gazprom Deputy CEO Alexander Medvedev said Tuesday.

"We'll do this within a month. We are interested in doing this quicker because amendments [to the contract] will be made before final documents are signed," Medvedev said.

The price adjustment follows an arbitration ruling in Vienna against Gazprom that could pave the way for ending the decades-long practice of linking gas prices in long-term deals to oil prices.

Under the arbitration ruling, Gazprom will have to make retroactive payments to RWE calculated from May 2010 to the date of alteration of the contract. RWE earlier said Gazprom would pay back about 1 billion euros ($1.3 billion) to the German utility.

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