

German RWE Starts Gas Deliveries to Ukraine

By [The Moscow Times](#)

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A RWE technician controlling a compressor station, a component in the firm's bid to give Ukraine cheap gas.

BERLIN — German utility company RWE said Tuesday it had started sending natural gas to Ukraine, a move that could support the country if Russia acts on its threat to cut off supplies because of a massive debt for past deliveries.

The reverse-flow deliveries from Germany via Poland are largely symbolic for the moment, but could be ramped up to provide about a fifth of the country's gas needs.

Last week, President Vladimir Putin said Ukraine owes Russia \$35.4 billion for gas — about 20 times more than Moscow had previously asked for. He said Russia may ask for Ukraine to start paying for gas in advance or face a shutoff.

About a third of the gas RWE will supply to Ukraine originally comes from Russia, said

company spokesman Helmut Weintoegl. The rest comes from Norway, Britain, the Netherlands and Germany.

RWE Supply & Trading is the first Western European company to begin gas deliveries to Ukraine this year, the Essen-based company said in a statement.

"Further significant volumes could be delivered to Ukraine if various transport restrictions at the Slovakian-Ukrainian border are politically and technically resolved within the next weeks or months," the company said.

RWE declined to disclose the exact price it is charging Ukraine, but said the supply was not subsidized in any way. "The price is a normal market price," Weintoegl told The Associated Press. "It is currently more attractive for Ukraine than what it pays in its long-term contracts," he added.

Under an agreement signed with Ukraine's state-owned Naftogaz in 2012, RWE could supply up to 10 billion cubic meters of natural gas per year, it said. This is about one-fifth of Ukraine's gas needs, according to U.S. Department of Energy figures for 2012. RWE previously supplied it with 1 billion cubic meters of gas in 2013.

Analyst Arno Behrens, head of energy at the Center for European Policy Studies in Brussels, said the RWE gas supply "could certainly help alleviate hardships" in the short term, but could not on its own make up for a potential shutoff in Russian gas supplies to Ukraine.

Behrens said German companies can buy gas from Russia at lower prices than what Gazprom is asking from Ukraine, so that RWE could add a transport premium and still offer Ukraine a lower price than Gazprom's.

Recent liberalization of the EU gas market has made it possible for companies to resell gas. Behrens said that building out the European gas network by increasing such reverse flow capacity — most pipelines previously only flowed east to west — would be a key factor in reducing customers' dependence on Russia.

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