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Europe to Broker Interim Gas Price Deal Between Russia and Ukraine

By The Moscow Times

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The European Commission (EC) will propose that Russia and Ukraine sign an interim gas agreement in Berlin as a step towards resolving their long-standing row over gas prices, Energy Commissioner Guenther Oettinger said on Tuesday.

Russian, Ukrainian and EC officials are meeting on Sept. 26.

Ukraine's military, reporting progress on a cease-fire called by President Petro Poroshenko, said Tuesday all firing stopped overnight in a conflict with pro-Russian separatists that has killed more than 3,000 people and sent relations between the two countries to an all-time low.

Oettinger said the gas agreement should fix an interim price for a specified amount of gas to be shipped to Ukraine.

"The most pragmatic way would be to have an interim contract for some billion cubic meters of gas, delivered by Gazprom to (Ukrainian state gas company) Naftogaz, to have an interim price," he told a news conference.

"Our proposal is to realize an interim solution to avoid problems with supply for winter season up to April next year."

Ukraine was paying about $500 per 1,000 cubic meters, the highest in Europe, until June when Russia's Gazprom cut gas supplies to former Soviet republic.

Naftogaz has filed a lawsuit at the international arbitration court in Stockholm to establish a "fair and market price" for natural gas supplies from Gazprom.

Ukrainian Energy Minister Yuri Prodan, who appeared with Oettinger at the news conference on Tuesday, said Kiev would support the EC's proposal.

"We have to determine an interim price which must be market price and we are ready to work with this price until the Stockholm arbitration court adopts the final decision," he said.

Ukraine said last month it was prepared to pay an interim compromise price for Russian gas but criticized the Russian gas giant for being unwilling to negotiate.

Ukrainian energy officials say Kiev is ready to pay a compromise price of $326 per 1,000 cubic meters of Russian gas for an 18-month period to allow time to end the pricing dispute.

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