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Gazprom Chief Warns of Disruptions to Europe's Supply of Russian Gas

By The Moscow Times

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Gazprom CEO Alexei Miller reacts as he attends a news conference after gas talks between the EU, Russia and Ukraine at the EU representation in Berlin on Sept. 26.

Alexei Miller, head of Russia's top natural gas producer Gazprom, has warned of possible disruptions of Russian gas flows to Europe via Ukraine next winter, due to low volumes of the fuel in Ukrainian gas storage facilities.

His comments, aired Saturday by Russian state-owned TV channel Rossia-24, a day after European Commission-brokered gas talks in Berlin, may indicate Moscow and Kiev are far from completely resolving their differences over conditions for gas supplies to Ukraine.

Miller also said Russia and Ukraine still differ over how and when payments for Russian gas should be made, despite some progress in Friday's talks.

European Energy Commissioner Günther Oettinger said Friday that a deal would involve Kiev

paying $2 billion for Russian gas by the end of October and a further $1.1 billion by the end of the year, with the International Monetary Fund (IMF) putting up guarantees.

Russia cut off gas supplies to Ukraine in June because of a row over Ukraine's unpaid gas bill. About half of Russian gas exports to Europe go via Ukraine, and pricing spats in the past led to Russian gas flows disruptions to the EU.

"The situation is very hard. Even if the deal is signed under those conditions which we are talking about, it does not 100 percent guarantee that there are no disruptions of gas transit to Europe," Miller said.

He also said Ukraine must have at least 18 billion cubic meters (bcm) of gas before the end of the winter in storage to provide for safe Russian gas transit to Europe, adding that Kiev needs to pump an additional 7 bcm there.

Ukraine has said it has more than 16.6 bcm of gas in storage as of Sept. 25.

Ukraine Energy Minister Yuriy Prodan said after the talks that there was no agreement yet with Russia over the price and differences remained over the payment of debts, but Ukraine was prepared to compromise and he expected questions over the proposed deal to be settled by next Tuesday.

Miller said Kiev is ready to agree on a proposed price of $385 per 1,000 cubic meters, a $100 discount to the price that Russia has charged since April. This is still higher than $350 Gazprom expects this year for its gas in Europe on average.

But the Gazprom chief said Ukraine wants to start paying $1.5 billion and only after the first month of supplies, while Gazprom insists on prepayments. "Those are absolutely different positions," Miller said.

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