

Ukraine Banks on Mild Weather as Russian Gas Supplies Remain Frozen

By [The Moscow Times](#)

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Valves are seen at a biomass thermal electricity generation plant in Ivankiv, Kiev region, Nov. 11, 2014.

MOSCOW/KIEV — Ukraine signaled it may hold off from paying Russia's billion-dollar gas invoice — part of an EU-brokered agreement to restart supplies frozen since June — in the hope mild weather can help it last out longer as it grapples with near-bankruptcy.

EU officials worked out a deal two weeks ago under which Ukraine would pay Moscow \$1.45 billion towards what it owed for gas supplies to ease a standoff over prices and lift the threat to Europe, which relies on Ukraine as a key transit point for fuel.

But Russia has insisted that Ukraine must also pay for future supplies in advance: \$760 million, according to gas export monopoly Gazprom, for the 2 billion cubic meters of gas due to be supplied this month.

With the weather relatively mild in central Ukraine — daytime temperatures of about 10

degrees Celsius are forecast to remain unchanged over the next 10 days — an official at the country's state-run energy firm Naftogaz said Thursday: "Imports will depend on the weather and on consumption."

Gazprom's spokesman Sergei Kupriyanov confirmed: "No prepayments have been made yet."

Since the agreement was struck at the end of October Ukraine, which is still fighting a rebellion in its east that Kiev says is backed by Moscow, has seen its currency the hryvna weaken by one-fifth to the dollar and its currency reserves plunge.

"Naftogaz will try to minimize gas imports in order to cut on spending, especially against the backdrop of the currency crisis and falling currency reserves," said Valentin Zemlyansky, an energy analyst and a former spokesman for Naftogaz.

Ukraine asked for more financial help from Europe to cover its needs but Brussels responded that the EU would not provide a "financial bridge" and that in signing the interim deal, Ukraine confirmed it was able to purchase any extra gas this winter.

The European Commission also confirmed that Ukraine has not yet bought any gas from Russia and that Kiev should finance the purchases itself, without help from Europe.

Waiting Game

Kiev, which used to receive about 50 percent of its gas needs from Russia, is also getting some gas from European countries, such as Slovakia and Poland.

According to Ukrainian gas transit monopoly Ukrtransgaz, gas consumption and offtake from storage facilities have been declining since early November.

Gas consumption reached 70.3 million cubic meters per day on Nov. 9, down by 27 percent on Nov. 1.

In not paying Moscow's bill, Kiev may also be waiting for decisions in the cases it lodged with Stockholm's Court of Arbitration questioning the price in its long-term gas contracts with Russia. Moscow has also lodged a case in the court over Ukraine's unpaid gas debts.

Europe is watching nervously. Russia caters for around one-third of European Union's gas consumption and about half of that is piped through Ukraine and earlier spats have twice before led to temporary halts of Russian gas flows to Europe.

And with the threat of a return to all-out war in Ukraine's east rising after a local vote entrenched pro-Russian separatists and violence increased, some analysts say the threat to supply to Europe can only get worse.

Russia denies involvement in the conflict and says it supports a cease-fire agreed in September.

"Further deterioration in the broader political crisis could prompt heightened tensions or disputes that introduce risks to supply over the winter," Eurasia Group analysts said in a note about possible Russian gas flows disruptions to Europe.

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