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Ukraine to Buy 1.5 Bcm of Russian Gas This Year, Energy Minister Says

By The Moscow Times

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An employee walks up the stairs at the Gazprom Neft oil refinery in Moscow.

Ukraine is likely to buy around 1 billion cubic meters, or bcm, of gas from Russia by the end of the year, Ukraine's energy minister said Friday, while state energy firm Naftogaz said it may send prepayments by the end of November.

Russia, which cut off supplies to Ukraine in June because of a standoff over prices, has insisted that Ukraine pay for future supplies in advance. So far, Kiev has not committed to new orders as a separatist conflict weighs on its flagging economy.

On Friday a newspaper interview quoted the minister, Yuri Prodan, as saying Ukraine's preliminary plans were to buy up to 1.5 bcm by the end of this year and up to 1 bcm in the first quarter of 2015.

When asked about this year's figure, Prodan later told journalists: "I talked about it being up

to 1.5 bcm, but most likely it will be around 1 billion."

Moscow, Kiev and the European Union clinched a deal two weeks ago in Brussels that would restart flows of Russian gas to Ukraine over the winter in return for Ukrainian state energy firm Naftogaz paying part of its debt and $760 million up front for supplies.

Naftogaz has since transferred the first $1.45 billion tranche of debt repayment to Russia's Gazprom, but has not yet said when it would place new orders, nor for what volume.

Naftogaz did not confirm Prodan's comments, but its chief executive Andriy Kobolev said the company was considering sending advance payment to Gazprom by the end of this month.

"We now have the right to make a prepayment at any time and buy the volume we need to cover the deficit this winter," he said at a roundtable also attended by Prodan and the European Commission's energy chief Maros Sefcovic.

Prodan said he wanted the European Commission to continue to participate in gas talks between Russia and Ukraine.
Russia used to supply around 50 percent of Ukraine's gas needs.

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