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INDEPENDENT NEWS FROM RUSSIA

EU Confident Russia Will Resume Gas Supplies to Ukraine This Winter

By The Moscow Times

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A pressure gauge, pipes and valves are pictured at a boosting compressor station (BCS) on the East Poltava gas field near the village of Kovalivka, in Poltava region, Ukraine.

The European Union expects stable gas supplies this winter under a deal by Russia and Ukraine, a senior EU energy official said, even while Moscow has yet to resume shipments and Kiev has yet to pay in advance as agreed.

Russia provides a third of European Union gas supplies, and half of that volume flows through Ukraine. Previous spats between Kiev and Moscow led to temporary supply cuts to Europe.

Ukraine and Russia signed an agreement, brokered by the European Commission, at the end of October to cover gas supplies over the winter as a temporary solution to a long-standing price dispute between Moscow and Kiev.

But Russian gas producer Gazprom has not resumed shipments, suspended in June,

and Ukraine has not provided the prepayment that Moscow says is a condition for restarting supply.

"So far, everything is in order," Maros Sefcovic, the European Commission's new energy chief, told reporters on Thursday on the sidelines of an international energy conference in the Kazakh capital Astana.

"We are in close and, I would even say, everyday contact with both Ukraine and the Russian Federation, and I hope that we will have no problem with gas this winter," he said in Russian.

Sefcovic's comments were among the first from newly appointed members of the EU executive body on the gas supply issue.

Under the EU-brokered deal, Ukrainian state firm Naftogaz has agreed to pay Gazprom $2.2 billion in debt and upfront payments before supplies resume.

Naftogaz has transferred the first $1.45 billion tranche of the payment, but it has not said when it will place new orders, nor for what volume.

Naftogaz Chief Executive Andriy Kobolev said on Monday that Ukraine planned to buy 1 billion cubic meters (bcm) of gas from Russia by the end of the year and up to that amount monthly through the winter.

"We are now waiting for the Ukrainian side to order gas," Sefcovic said. "The Ukrainian side is now discussing how much gas it needs before the end of the winter period, and by the end of December Ukraine will pay off the second half of this debt."

Ukraine's gas storage sites currently hold around 3.5 months of supply, depending on the weather.

Kiev, meanwhile, has declared a state of emergency in its electricity market due to a shortage of coal, rather than gas, after conflict in eastern Ukraine has cut off supplies.

Moscow says Kiev owes state-controlled Gazprom up to $5.4 billion for gas, but a tribunal in Sweden will rule on the exact amount of Ukraine's debt.

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