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Estonia Sidesteps Russia by Importing Gas From Lithuania

By The Moscow Times

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An employee stands near gas pipes at a gas underground storage.

Estonia imported its first natural gas from Lithuania, via Latvia, last week in a move which reduces its energy dependence on Russia, Latvia's gas grid operator Latvijas Gaze said Monday.

The amount of gas was small but it was an important test for an import procedure side-stepping Russia's Gazprom, which has until recently enjoyed a supply monopoly in the region. Lithuania still imports much of its gas from Russia but has moved to diversify via a liquefied natural gas port.

"Latvijas Gaze has transported 100,000 cubic meters of gas from Lithuania to Estonia last week," said Vinsents Makaris, the spokesman for the Latvian utility. Estonia consumed 700 million cubic meters (mcm) last year

Estonia's Baltic Energy Partners confirmed the imports, and said it was looking at the possibility of buying more from Lithuania in the future, but declined to elaborate.

"This shows that the regional gas market exists not only in theory," Lithuania's Energy Minister Rokas Masiulis said, adding that the gas delivered to Estonia was purchased on Lithuanian gas exchange GET Baltic.

Lithuania's LNG terminal is scheduled to receive its first commercial delivery of 140,000 cubic meters of LNG (about 84 mcm in regasified form) at the end of December, and another five cargoes until Oct. 2015.

Industry sources said the exports to Estonia took place by swapping gas from Lithuania for supplies from Latvia's gas storage Incukalns.

The Latvian storage supplies all gas to Estonia and Latvia during winter, and presently all gas stored there came from Russia.

Litgas has signed a deal with Latvijas Gaze to store 100 mcm of gas at Incukalns in 2015 and 2016, but the Lithuanian LNG importer said the lack of clear rules for the third-party access to the storage was hindering the development of the Baltic gas market.

Litgas has a five-year contract with Norway's Statoil to buy a total of 0.5 billion cubic meters of natural gas annually. The terminal's total annual capacity is 4 billion cubic meters.

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