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Russia's Gazprom Ready to Exclude Rebel Areas From Ukraine Gas Contract

By The Moscow Times

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A truck carries wood and Gazprom Neft branded oil barrels along the M54 federal highway south of Siberian city of Krasnoyarsk, Feb. 21, 2015.

Kremlin-controlled Gazprom said on Thursday it would exempt gas supplies to rebel-held regions from its main contract with Ukrainian Naftogaz, days before Kiev uses up gas volumes it has already paid for.

The dispute flared up last week when Gazprom said it started direct gas supplies to the regions of eastern Ukraine held by pro-Moscow rebels. Gazprom said Naftogaz would have to pay for these supplies to the rebel-held areas.

But on Thursday, Gazprom spokesman Sergei Kupriyanov said, "We are ready at the moment to exclude our gas supplies to Donbass from our discussions [with Ukraine]."

He also told the Rossia-24 television channel that Ukraine had prepaid for Russian gas until

the end of the week.

Gazprom and Ukrainian state energy firm Naftogaz have accused each other of not sticking to agreements on gas supplies.

Kiev has said it was unable to control gas flows to east Ukraine and pay for it. It had earlier accused Gazprom of reducing gas supplies to Ukraine.

When asked if Russia in theory would be ready to supply gas to east Ukraine free of charge, Kremlin spokesman Dmitry Peskov said: "I can not speak of supplies now. But of course, these issues would be urgently considered if needed."

President Vladimir Putin said on Wednesday that Russia would halt gas supplies to Ukraine if it did not receive advance payment, raising the possibility of onward deliveries to Europe being disrupted for the fourth time in a decade.

Europe received around 147 billion cubic meters of Russian gas last year — or around a third of its total needs — with roughly 40 percent shipped via Ukraine.

The Gazprom spokesman said that Ukraine had only 206 million cubic meters left for which Kiev had already paid.

"With the current level of supplies, prepayments will be enough only up till the end of the week. If Kiev doesn't make new payments, we, naturally, won't be able to continue supplying Ukraine with gas," he said.

Moscow cut off supplies to Kiev last June and restored them only in December, after a European-brokered deal secured supplies through the winter.

Under the deal, Ukraine is required to pay in advance for gas. The so-called winter gas deal is due to expire at the end of next month, with Kiev managing to reduce its dependence on direct Russian gas supplies over the last year.

The European Commission has invited the Russian and Ukrainian energy ministers for further talks in Brussels on Monday to discuss gas supply problems, it said on Thursday.

A Russian Energy Ministry official said she was not able to confirm whether Moscow has agreed to take part in the meeting yet. "We are talking by phone at the moment," she said.

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