
BULGARIA SEES RISKS IN COMMISSION'S 'ENTENTE' WITH GAZPROM

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On 13 March, the Commission published Gazproms commitments to end a five-year antitrust case and avoid heavy fines.

The case was opened after Lithuania blew the whistle on Gazproms anti-competitive practices.

Suspicious about Gazproms conduct led the EU executive to launch raids in Central and Eastern European states in September 2011, to investigate firms involved in the supply, transmission and storage of natural gas.

Almost six years later, the European Commission agreed with Gazprom to remove restrictions on member states in Southern and Eastern Europe reselling Russian gas across borders.

Until now, such trade was not allowed under bilateral contracts. Gazproms contracts with Bulgaria and Greece hampered the implementation of the gas interconnector between the two countries.

The Russian exporter has also agreed to price review clauses to enable customers to request changes to their gas price every two years.

The deal needs to be approved in seven weeks time and all interested parties – governments and companies – are invited to submit comments. Only then is the executive prepared to make the agreement binding. If Gazprom breaks its commitments, it can be fined up to 10% of its global turnover.

Bulgaria believes that the better way to solve the anti-monopoly dispute between Moscow and Brussels is to agree on new rules in relations, instead of fining Gazprom, the energy minister in the caretaker government Nikolay Pavlov explained.

A new government will take over on 4 May, the deadline for the eight countries of Central and Eastern Europe concerned to respond.

However, Bulgaria wont miss the deadline. A conference call will be held today (28 April) with the European Commission and Bulgaria will make known its position and ask for clarifications, the website Mediapool.bg has reported.

On pricing, Pavlov said that the Bulgarian side insists that the tariffs of the European gas distribution centres must be taken into account. According to Pavlov, in the Gazprom proposal the hubs in Belgium and the Netherlands, where the prices are the lowest, are not taken into account.

Another issue Bulgaria will raise is the entry points of gas into the country. The Gazprom proposal is unclear about whether the gas will enter from the north or the south, and what the transit taxes will be.

In the event that the Turkish Stream gas pipeline is implemented, Bulgaria may receive Russian gas from the south, rather than directing the Russian gas from the north to Turkey, as it is done now.

In the Gazprom proposal, it is indicated that gas will no longer arrive at the entry point Negru Voda in Romania, but the new entry point is not mentioned. Russia has repeatedly stated that it would not renew its contract with Ukraine which expires in 2019, which will also affect Bulgaria.

In its upcoming discussions with the European Commission, Bulgaria will ask for the safeguarding of the transit taxes it perceives for moving Russian gas to Turkey, Greece and Macedonia. These taxes are reported to amount to \$100 million annually.

Bulgaria is also worried that with the change of the entry points, companies from Hungary, Slovakia and Poland will be able to trade on the Bulgarian market, while Bulgarian firms won't be able to do the same in their markets.

The Bulgarian side also plans to ask Gazprom to agree on quality parameters for the gas supplies, so that if at the entry points it turns out that the requirements are not reached, the supply can be refused.

As to the Gazprom proposal that the gas price be re-negotiated every two years, Bulgaria believes that this should be done every six months.

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