

Ukraine Energy Minister: EU Should Share Transit Risks, Help Pay for Gas Storage

By [RT](#)

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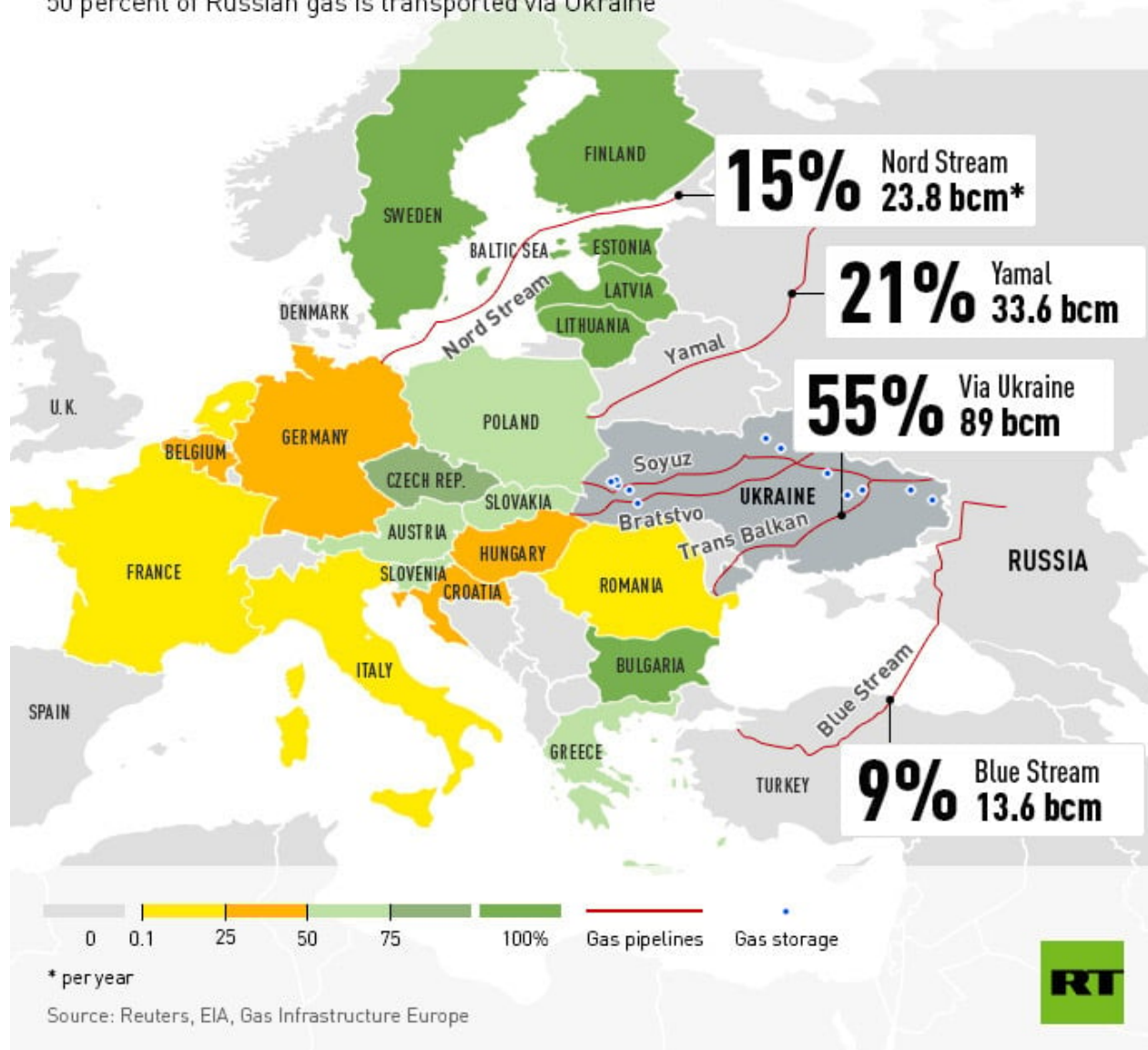
Ukrainian Minister of Energy and the Coal Industry Vladimir Demchishin has suggested the EU should partly pay the costs for filling underground gas storage facilities in his country to cut the risk of possible interruptions in transit to Europe.

"The commissioners are developing worst-case scenarios. They are putting all the costs on us," he said to the Wall Street Journal (WSJ). "We are ready to commit to a base case and pay for it. And [the cost of] worst-case scenarios maybe should be shared."

Ukraine has to accumulate about 20 billion cubic meters of gas in storage to ensure stable supplies to Europe during the winter. It has to start purchasing gas in April, according to the European Commission. However, Demchishin considers 14-15 billion cubic meters will be enough, he said in an interview with WSJ.

Russian gas in Europe

Russia is Europe's biggest gas supplier providing 30 percent of the continent's needs
50 percent of Russian gas is transported via Ukraine



Ukraine pays 15 percent more for Russian gas than for the fuel from Slovakia and other EU countries, said Demchishin, adding that it will need an extra \$1.5 billion to accumulate an additional 5 billion cubic meters of gas.

The 'winter package' sealed last October fixed the price at \$378 per 1,000 cubic meters. However, a drop in the cost of oil led to lower prices, with gas now supplied to Ukraine at \$329.

He warned that Kiev may decide to turn off the gas supply to the self-proclaimed republics of Donetsk and Lugansk, as local distribution companies have paid for only 20 percent of deliveries since August.

Naftogaz transferred another \$15 million to Gazprom on Friday as an advance payment for March deliveries and the sum will be enough until the middle of the month. Gazprom spokesperson Sergey Kupriyanov said 10 million cubic meters has been paid for, and

Gazprom will deliver it.

In late February, Russian Energy Minister Aleksandr Novak considers the risk of Ukraine halting gas transit as high, as only 8 billion cubic meters of 'active' gas was left in its underground storage facilities as of March 3. Novak said that 5-6 billion of the 8 billion cubic meters of so-called 'buffer gas' should always remain in the storage facilities.

Ukraine started withdrawing gas from storage on October 20 at the start of the heating season. Gas supplies from Russia were suspended in mid-June because of the billions of dollars of debt, and resumed only on December 9 when Gazprom received a prepayment.

Ukraine has been making frantic efforts to reduce its dependence on Russian gas. Earlier in February the government increased consumer energy prices by nearly 300 percent in order to [receive](#) financial assistance from the IMF. Demchishin says raising the gas price will help cut consumption and, along with other changes in Ukraine's internal energy market, help make his country independent of Russian gas deliveries within three to four years.

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