## **European Commission, 13 March 2017 Details on Gazprom's commitments** The Commission's Statement of Objections set out three main competition concerns. Gazprom's commitments respond to these concerns. It has committed to observe the commitments for eight years. 1) Enabling the free flow of gas in Central and Eastern Europe The Commission has concerns that Gazprom imposed territorial restrictions in its supply agreements with wholesalers and some industrial customers in eight Member States (Bulgaria, the Czech Republic, Estonia, Latvia, Lithuania, Poland, Hungary and Slovakia). These restrictions prevent the free trade of gas within Central and Eastern Europe. Gazprom has committed to remove all contractual barriers to the free flow of gas in Central and Eastern European gas markets. In addition, it has committed to take active steps to enable their better integration. - Remove market seamentation -Gazprom will remove all direct and indirect contractual restrictions that prevent its customers from re-selling gas they have bought across borders, or make it economically less attractive for customers to do so. This means that in addition to removing restrictions on gas re-sale (e.g. export bans, destination clauses), Gazprom will remove all clauses which reduce its customers' business incentives to re-sell gas (e.g. where Gazprom would get a share of the profit from re-selling). Gazprom will also not to reintroduce such clauses in the future. racilitate market interconnections with bulgaria - the provisions in Gazpion 3 as monitoring and metering of gas in Bulgaria have isolated the Bulgarian gas market from the neighbouring EU gas markets. Gazprom has committed to make changes to the relevant contracts. This will put the Bulgarian operator of the gas transmission infrastructure in control of the crossborder flows of gas and facilitate interconnection agreements between Bulgaria and its EU neighbours, in particular with Greece. - Create opportunities for more gas flows to the Baltic States and Bulgaria – If customers want to re-sell gas across borders, they need access to gas infrastructure in order to ship the gas. Bulgaria and the Baltic States currently lack access to such interconnections with their EU neighbours. Gazprom has committed to give relevant customers in Hungary, Poland and Slovakia the possibility to ask for delivery of all or part of their contracted gas to entry points into the Baltic States and Bulgaria. This would enable customers to seek new business opportunities in the Baltic States and Bulgaria, even before the connecting gas infrastructure becomes available. Gazprom would be allowed to charge a fixed and transparent service fee, in line with what it would typically charge for such services in the market. 2) Ensuring competitive gas prices in Central and Eastern Europe The Commission has been concerned that the territorial restrictions have allowed Gazprom to carve up the market, as a result of which it may have been able to pursue an excessive pricing policy in five Member States (Bulgaria, Estonia, Latvia, Lithuania and Poland). Gazprom has committed to introduce a number of important changes to its contractual price revision clauses to ensure **competitive gas prices** in these gas markets: European Commission, 13 March 2017 - Gas prices linked to competitive benchmarks: Gazprom will introduce competitive benchmarks. including Western European nup prices, into its price review clauses in contracts with customers in the five Member States. Price review clauses enable customers to request changes to their gas price. The commitments will give the customers an explicit contractual right to trigger a price review when the prices they pay diverge from competitive price benchmarks. This would ensure competitive gas prices in these regions in the future. - More frequent and efficient price reviews: Gazprom will increase the frequency and speed of price revisions. For those contracts, for instance in the Baltic States, where price revision clauses do not currently exist, Gazprom will introduce clauses reflecting the above elements.



