

E.ON Picks Novatek for Gas

By [The Moscow Times](#)

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E.ON Russia said on Thursday it had signed gas supply deals with Russia's No. 2 gas producer Novatek, which continues to carve domestic market share from Gazprom.

A spokeswoman for E.ON Russia, controlled by Germany's utility E.ON, said the company would not renew agreements with Gazprom. "The contracts with Gazprom expire in the end of 2012, we have been in talks over future supplies. Novatek offered better terms," Anna Martynova said.

Novatek, controlled by Gunvor trading house co-owner Gennady Timchenko and its chief executive Leonid Mikhelson, has been winning lucrative gas supply deals at Gazprom's expense.

In 2009, Novatek, which is barred from selling Russian gas abroad by law, struck a \$6 billion domestic gas supply deal with power trader Inter RAO, which decided not to renew contracts with Gazprom.

E.ON Russia, which last year consumed more than 13 billion cubic meters of gas, said in a statement on Thursday that Novatek will supply gas to four of its five power plants till 2027. The companies also agreed to change the terms of existing deals.

(Reuters)

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