

TNK-BP Wins \$6Bln Gas Deal in Blow for Gazprom

By [The Moscow Times](#)

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TNK-BP is set to sign a deal to supply power producer TGK-5 with gas worth as much as \$6 billion over 18 years, TGK-5 said Tuesday, in the latest loss by Gazprom to a rival.

About 40 percent of Gazprom's domestic long-term contracts with industrial users are set to expire by Jan. 1. Some experts suggest that independent suppliers are more flexible and may offer better terms than Russia's top gas producer.

TGK-5, a unit of Viktor Vekselberg's KES Holding, said it planned to sign the deal to purchase 17 billion cubic meters of gas from TNK-BP from 2013 to 2030.

It may also provide an extra 6.4 bcm between 2017 and 2030 at 3.5 percent below the state-regulated price.

The agreement is subject to approval by TGK-5 shareholders.

TNK-BP, in which Vekselberg is a shareholder, may secure an additional \$31 billion in similar deals with two power companies also controlled by Vekselberg's KES Holding.

TNK-BP, which is being taken over by Rosneft for \$55 billion, declined to comment.

Combining these deals, Gazprom has lost supply contracts totaling some 30 bcm through 2030. On an annual basis, the lost volumes so far account for a small share of the 280 bcm Gazprom supplied to the domestic market last year.

Analysts from the Otkritie brokerage said investors in Gazprom should not be concerned because rival producers lack immediate spare production capacity.

Furthermore, many industrial customers "are physically linked to Gazprom fields" and are unable to strike deals with other producers, they said.

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