

Gazprom Drives Hard Bargain as Sole Major Bidder for DEPA

By [The Moscow Times](#)

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ATHENS — Gazprom is squeezing Athens for better terms to buy DEPA, Greece's sole retail gas distributor, a Greek official said, as the Russian gas export monopoly leverages its strength position as the only major player in the running.

Binding bids are due to be submitted on May 29 for DEPA, which posted a net profit of 106 million euros last year. Gazprom last year made a non-binding bid of 900 million euros (\$1.2 billion).

Gazprom is already DEPA's main supplier, providing about 60 percent of its gas last year. It cut its supply prices by about 7 percent in 2011, but Greek energy players say prices are high compared with what Gazprom charges in other parts of Europe with more competition.

Senior Gazprom officials arrived in Athens on Tuesday, the third such visit since March, to seek assurances that DEPA's austerity-hit customers will settle arrears of 380 million euros

and a concession that it will not have to deposit 20 percent of the purchase price as a guarantee before the sale gets European Union approval.

Greece has already agreed to reduce the required guarantee and is striving to resolve DEPA's liquidity problem, said Stelios Stavridis, chairman of Greek privatization agency HRADF in an interview with state radio NET.

"We are in the final stages to formulate the contract on the basis of which offers will be submitted," he said.

"The big problem in Greece's energy market is that everybody owes to everybody else. The government wants to solve this problem," he added.

According to Greek sources close to the sale, Gazprom is concerned that the European Union might block the DEPA acquisition, in which case it would lose the deposited guarantee.

Gazprom's role as supplier to DEPA has raised concerns. The European Union, which is already trying to loosen Gazprom's grip on Europe's energy market, might block or impose stringent conditions on the deal.

In a previous attempt to sell DEPA in 2003, Greece excluded the utility's gas suppliers from submitting bids, but it did not include that condition this time.

Gazprom's only rival for DEPA is M&M Gas, a joint venture by Greek energy firms Motor Oil and Mytilineos.

But M&M's initial bid of about 550 million euros was far below Gazprom's, and its parent firms owe money to DEPA and compete with it in the wholesale gas market.

Sintez, a small energy firm controlled by Russian tycoon Leonid Lebedev, is expected to submit a binding bid just for grid operator DESFA, which is part of DEPA but can be sold separately, Stavridis said.

Sintez's major rival for DESFA, a regulated business with a steady profit margin, is Azerbaijan's state gas firm SOCAR.

Greek-Czech consortium PPF/Terna, another contender for DESFA, may drop out of the race, according to two officials close to the group. "It can't be taken for granted that PPF/Terna will submit a final bid," one of the officials said.

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