

Russia to halt gas shipments to Poland

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BRUSSELS — Russia’s Gazprom will halt gas deliveries to Poland as of Wednesday over its refusal to settle payments in rubles, Polish gas utility PGNiG said in a statement late Tuesday.

“PGNiG received a letter from Gazprom announcing the complete suspension of supplies under the Yamal contract ... beginning April 27,” the statement said.

PGNiG said that the Russian decision was related to the Polish utility’s refusal to pay for its gas in rubles, as demanded by Russian President Vladimir Putin.

A decree signed by Putin on March 31 creates a process where foreign buyers of gas from so-called unfriendly countries — a list which includes Poland and other EU members — have to pay in rubles. EU countries have largely refused that demand, saying it breaks contracts denominated in dollars and euros.

The European Commission said that such payments would violate EU sanctions imposed after Russia invaded Ukraine.

PGNiG said it continued “to settle its liabilities for natural gas delivered under the Yamal Contract in accordance with its current terms.”

The Polish utility demanded that Gazprom resume gas deliveries. If that doesn’t happen, it warned: “the Company reserves the right to claim damages.”

“There is no contractual basis for the suspension of the supply of the gas delivered under the Yamal Contract,” PGNiG said.

Earlier in the day, Gazprom spokesperson Sergey Kupriyanov told reporters in Moscow: “Poland is obliged to pay for gas supplies in accordance with the new payment procedure,” according to the official TASS news agency.

Poland has vowed to end imports of Russian coal, gas and oil, and is pressing other EU countries to rapidly do the same.

“We are prepared for the complete cut off of Russian fossil fuels,” Polish Energy Minister Anna Moskwa said in a news conference Tuesday.

Poland gets 46 percent of its gas, 64 percent of its oil, and 15 percent of its coal from Russia, according to Forum Energii, a think tank.

Polish authorities insisted that the cut-off won't affect gas users.

“Thanks to the implementation of the government’s strategy of diversifying gas supply sources, PGNiG is prepared to obtain gas from various directions, including through gas connections on the western and southern borders and the LNG Terminal in Świnoujście,” said PGNiG.

Moskwa said: “Poland has the necessary gas reserves and sources of supply that protect our security,” adding that the country’s gas storage was 80 percent full. She said Poland will continue to buy gas on European and international markets and aims to fill its reserves to 100 percent.

Poland’s 1996 agreement with Gazprom expires at the end of the year, and Warsaw has said it won’t be renewed. Piotr Naimski, in charge of strategic energy infrastructure, said that Poland was already planning to end Russian gas supplies, and that Tuesday’s decision by Gazprom “speeds that up.”

Earlier in the afternoon, news that gas flows from Russia to Poland showed a precipitous decline caused spot gas prices to spike. Month-ahead gas contracts on the EU benchmark TTF trading hub in the Netherlands rose from €91 per megawatt-hour to €107/MWh around 4:30 p.m. before settling back to €99/MWh.