

Certain aspects of natural gas sales in Russia

In order to develop the market principles of price formation for natural gas, the signed resolution allows Gazprom and its affiliated parties to sell extracted natural gas at non-regulated prices to legal entities for the production of LNG for further export, as of 1 January 2018.

Reference

The document has been introduced by the Ministry of Energy.

When implementing projects to produce liquefied natural gas (LNG) for export, it is economically feasible to share risks and profits due to the changing global market prices between the LNG manufacturer and supplier. However, the existing procedure of price formation restricts the supplier's participation in this process. The ability to establish a contractual feed gas price for LNG plants is a key condition for participation in large-scale projects of foreign investors and institutions that provide long-term financing. The absence of the mechanism of gas supplies at contractual prices reduces the attractiveness of projects for the construction of LNG plants and thus restricts direct investments in capital-intensive sectors of the Russian economy.

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