

Statement by Vice-President for Energy Union Maroš Šefčovič following the trilateral talks with Russia and Ukraine on the future of gas transit to Europe

We have just concluded the third round of trilateral talks at political level on the long-term transit of Russian gas via Ukraine to Europe as of next year.

Given the date, there is a sense of urgency. Therefore, I appealed to everyone around the table to be constructive.

One by one, we addressed all key areas in the trilateral meetings, namely:

How EU energy rules should be reflected in the legal framework of a future contract;

- the appropriate duration of such contract;
- necessary volumes and their flexibility;
- the tariff setting;
- and the Stockholm arbitration.

So where we stand after today.

I appreciate a constructive approach of both Ministers Orzhel and Novak as well as of CEOs of Naftogaz and Gazprom, Mr Kobolev and Mr Miller. There was positive atmosphere in the room.

We have taken steps in the right direction today. In other words, there has been convergence of positions on some of the issues.

Firstly and importantly, both sides have agreed in principle that a future contract will be based on the EU law. We have clearly described to the Russian side that Ukraine is gradually implementing EU energy rules and a future contract must respect them.

At the same time, Gazprom is well acquainted with EU rules in its commercial relations with European gas companies. This would therefore be a well-known territory.

The Russian side has asked for assurances regarding the transposition of EU legislation into the Ukrainian law – that it is indeed the case. We will accelerate the work of EU Energy Community so that transposition is on time and correct.

In this context, the good news is that we have clear progress on unbundling of

Naftogaz. The Ukrainian Government had made it its priority and I congratulated the Minister on the adoption an action plan / roadmap yesterday that paves way for a fully unbundled independent transmission system operator to be established – and certified according to the EU law – by the end of this year. I appreciated that the CEO of a company being formed was also present here today.

Concerning the duration of a future contract, volumes and the tariffs setting, we have had convergence of minds.

We need an agreement on all three elements, as they are interlinked. The volumes are key for the tariffs setting. The duration of a future contract is important for investment into the Ukrainian transit system. For Ukraine, well-functioning transit with volumes for EU consumers is the most important issue. Russia puts emphasis on direct sales to Ukrainian consumers. These issues are to be discussed.

I appreciate presence of the Ukrainian independent energy regulator here today. It was useful to hear a clear explanation how EU legislation would be transposed, what it would mean for the tariff setting according to EU methodology under a future contract.

A few words on preparations ahead of this winter. I am glad to say that EU underground storage filling levels are very good – currently standing at 96 percent of full capacity. Ukraine's underground storage filling levels are also good – currently at around 19.6 bcm, almost 4 bcm above levels in September last year.

Now the next steps: I am glad we have established positive, constructive working atmosphere between the two Ministers. We have agreed that there will be an inter-ministerial consultation with the two companies participating to hammer out the remaining interlinked issues.

We would resume at political level by the end of October when, I hope, we will have more progress on the remaining issues. We will remain in contact in the meantime. With Ukraine, we will work closely on the unbundling and certification process as well as on the transposition of EU legislation into the Ukrainian law.

To conclude, there was good atmosphere and constructive spirit today that, I believe, creates a necessary precondition for the next round of trilateral gas talks and for having everything settled before the end of this year.

Video statement available [here](#).