

Gazprom and E.ON Plan to Build a Power Plant

Gazprom and E.ON agreed to construct a 1,200MWt gas-fired power plant close to the North Stream in the Baltic Sea coast. For E.ON, this project will mark a start of its 60 billion euros investment program.

For Gazprom, this is a first step towards the 'value chain' – from natural gas extraction and transportation to power production. Notably, this will be implemented in the European market.

Since only draft agreements were made so far, the Russian monopoly will try to eliminate the risk of the attractive contract falling through. For this sake, Gazprom can use its access to North Stream as an effective instrument to reach its goal.

Gazprom has partnered with E.ON's competitor, the BASF concern, for the development of a giant gas field, so the gas-fired power station can be an alternative for E.ON which will obtain a reliable fuel supplier and bright prospects for expansion of energy facilities around North Stream. Gazprom, in its turn, will receive the needed capital which E.ON was unable to offer earlier. In fact, this is what prevented the two from joining hands in development of the Yuzhno-Russkoe Field.

By Kirill Lebedev