

Gazprom attempts to build a gas storage facility in Germany

Russia's Gazprom and Germany's Verbundnetz Gas signed a deal to build an underground gas storage facility with a capacity of 510 cubic meters. A joint venture will be launched to carry out the project, and, under the legislation, 20% of the underground space will be put on offer while the rest is bound to be used by Gazpromexport under a long-term contract.

Earlier, Gazprom failed to get the right to use 75% of the subsurface gas storage facility based in the Saltfleetby gas field in Great Britain; and the EU authorities disapproved of its plans to build an underground gas storage facility in Belgium, either. In both cases the Russian gas monopoly was ready to offer 25% of the facility space for general use.

Gazprom is seeking to expand its footprint into Europe's retail gas market. Europe, aspiring to reduce reliance on Gazprom, impedes these efforts; meanwhile, emerging of a new subsurface storage facility will facilitate Europe's movement towards independence from Russian gas.

There is likelihood that Gazprom's third attempt will be a success: first, Russia maintains good relations with Germany in the gas sphere, secondly, the Economy and Labor Minister attended the signing ceremony – evidencing that the project is officially backed. Perhaps, it is governmental support that empowered the companies to work out a preliminary strategy stipulating a EUR 350 million euro investment in ten subsurface spaces over the next 14 years.

By Kirill Lebedev