

# Success Factors

## Key Success Factors

- Removed physical bottlenecks and administrative hurdles to access the EU market
- Rapid business development in imports from the European market by Naftogaz, in particular breakthrough contract with a Norwegian gas producer as alternative to Gazprom
- Commercial arbitration against Gazprom (under the Arbitration Institute of Stockholm Chamber of Commerce):
  - Price revision to the level of market prices on the German hub
  - Adjustment (annulment for periods preceding the arbitral award) of the take-or-pay obligation based on market rules (contractual obligations recognized as unconscionable based on practice in competitive markets)
  - Compensation for “under-deliveries” for transit based on market rules
  - Claims in the new arbitration (USD 12,2 bln) that Naftogaz de-facto exchanged for the new transit contract (especially for the “ship-or-pay” provision)
- Discontinuation of price regulation in the wholesale segment
- Decrease of the difference between the market and regulated price in the retail segment
- At least some shift to market practices in the upstream subsidiary of Naftogaz

## Supporting Role

- Trilateral (Ukraine-EU-Russia) negotiations over supplies of gas by Gazprom (“winter package”)
- Negotiations on the political level: Ukraine-Russia, Ukraine-EU-Russia, Germany-Russia
- US Sanctions against Nord Stream 2
- Implementation of the EU market rule of unbundling (separating) gas transmission from other activities. It had a limited effect – allowed us to apply EU rules (other than ship-or-pay).