

Press-release of 30.06.2010

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On 29th June 2010 the Federal Arbitration Court of the West Siberian District confirmed validity of the fine imposed by the Office of the Federal Antimonopoly Service in the Tyumen (the Tyumen OFAS Russia) upon the "regional Company for Sale of Gas in the Tyumen Region, and the Khanty-Mansiysky and Yamalo-Nenetsky Autonomous Districts" OJSC ("Sevregiongaz" CJSC).

On 4th June 2010 the company paid the fine in full.

In December 2009 the Tyumen OFAS Russia fined "Sevregiongaz" CJSC around 11 million Rubles for abusing market dominance and infringing consumer interests.

The Commission of the Tyumen OFAS Russia established that having dominant position on the market of sale of natural gas in the Tyumen region (without autonomous districts), "Sevregiongaz" CJSC imposed unfavourable contract conditions for gas supply upon its counteragent ("Zolotoi Kolosok" Ltd.). The company did not agree with "Zolotoi Kolosok" Ltd. about the volume of gas required for 2009. The gas supply contract specified the volume of gas that was two times lower than requested "Zolotoi Kolosok" Ltd. At the same time in 2008 "Zolotoi Kolosok" Ltd. consumed more gas than had been allocated to it according to the gas supply contract.

Under the Gas Supply Rules, the price for gas taken off in excess of the average daily rate increases by 1.5 times.

Investigating the case, the Commission of the Tyumen OFAS Russia established that distributing gas among consumers suppliers should give preferences to those customers that had supply contracts for the preceding periods and also take into account the actual taken-off in the preceding year.

At the time of allocating fuel between consumers, "Sevregiongaz" CJSC was aware of the overall available volume of gas so the supplier could have allocated the product observing legitimate interests of all counteragents. However, it did not agree with "Zolotoi Kolosok" Ltd. upon the required volume of gas. "Sevregiongaz" CJSC issued an invoice to the counteragent that included penalties for the gas taken off over the level specified for "Zolotoi Kolosok" Ltd. for 2009.

Such actions of "Sevregiongaz" CJSC infringed the interests of "Zolotoi Kolosok" Ltd. and violated Part 1 Article 10 of the Federal Law "On Protection of Competition", which prohibits actions of the dominant companies that can result in restricting, preventing or eliminating competition and infringe interests of other persons. Under the Code of the Russian Federation on Administrative Violations for such antimonopoly violations legal entities are punishable by a fine - from one hundredths to fifteen hundredths of the income gained by the violator from selling goods or services on the market where the violation was committed (in this case the fine was 10,971,515 Rubles).

"Sevregiongaz" CJSC challenged the decision of the antimonopoly body in two court instances. The Tyumen Regional Arbitration Court and the 8th Arbitration Appeal Court confirmed legitimacy and reasonableness of the actions undertaken by the Tyumen OFAS Russia.

Finally, "Sevregiongaz" CJSC appealed the decision to the Federal Arbitration Court of the West Siberian District, which, however, upheld the decision made by the Tyumen OFAS Russia.