

The Management of state-owned power utility HEP is dissatisfied with the Government's decision to keep the current natural gas prices for households, which means that the burden of increases in natural gas prices on the world market will have to be borne by the company. In the worst case scenario, this decision could cost HEP over 40 million euros until next March. With its decision, the Government ordered HEP to sell natural gas to local distributors at the price of 0.0234 euros/kWh, while the current price of gas on the market, where HEP will have to purchase it, is about 0.026 euros/kWh, without transportation costs. Unless the Government and national oil company INA reach an agreement over some kind of discount for HEP, the company will surely lose money over this decision. According to the unofficial statement from HEP, in case of losses over the difference in the price of natural gas, the company will reduce its profit, and thus the money needed for new investments. Moreover, if the Government continues to keep social peace by not rising the price of gas for households at the expense of HEP's profit, then HEP will not be able to launch planned initial public offering (IPO) for the buyout of MOL's stake in INA.