

## **Karabakh's Energy Crunch**

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Government unveils long-term energy plans, but public is angered by rising gas prices. Raisa Gabrielian, who lives in Stepanakert, the capital of Nagorny Karabakh, tries not to think about next winter. Her monthly salary of 65,000 drams, or 210 dollars, is the only income for her family of four. Now that the price of gas is going up, she says, the money will only cover basic household expenses.

From June 4, the price of gas in Nagorny Karabakh will rise from 59 to 84 US cents per cubic metre. Although the government of the unrecognised republic is planning to diversify its energy sources to make the region less reliant on gas imported from Armenia, the steep price hike will hurt the population in the short term. For ordinary consumers, gas will now cost nearly three times as much as in Armenia.

Artsakhgaz, the region's gas supplier, announced the price rise on May 1, but failed to inform the Nagorny Karabakh government commission that regulates public utilities.

The director of Artsakhgaz, Maksim Mirzoyan, told IWPR that the price increase was a result of the ending of government subsidies – a process that parallels what the authorities in Armenia have done – rather than because of the international price of gas.

After Artsakhgaz's announcement, taxi-drivers in the local capital Stepanakert, who run their cars on compressed natural gas, raised fares from 100 to 120 drams per kilometre, with the minimum cost of a ride going from 500 to 600 drams.

Vache Adamian, who chairs the public utilities commission, said the fare rises were "patently illegal" as taxi drivers had not in fact been hit by any price rise.

He added, "Taxi services are not yet under our control and we can't intervene."

Stepanakert resident Vardges Babayan said there was little people could do about the taxi fares.

"I know I'm paying this money for no good reason, but there's nothing I can do," said Babayan. "Who can you complain to that you're being made a fool of? They'll just say that they are a private [taxi] business and that if you don't want to pay the money, don't get in the car."

Above a set volume, bulk consumers of gas will continue paying the old price, but domestic users, taxi drivers and the like do not use enough to qualify for the reduction.

Artyusha Karapetian owns a shop selling household goods in Stepanakert, and predicts that his customers will become less keen on gas appliances.

"Gas stoves used to be a very popular product," said Karapetian. "But after the price rises, people will

probably stop heating their apartments with gas.”

Gas is the commonest fuel used for heating in Nagorny Karabakh, which has been isolated from the outside world and can only be reached Armenia since the end of the war in 1994. Around 70 per cent of the population use gas, with the rest who tend to live in the more remote villages mainly heating their homes with firewood, which is widely available.

To make Nagorny Karabakh more self-sufficient, prime minister Ara Harutiunian has announced plans to compensate citizens and to exploit other sources of energy.

“The government will try to ease the burden on gas consumers with some kind of compensation,” he said. “In the future, gas will no longer be the main energy source for Karabakhis. Over the next few years, we will become a country that produces its own energy, allowing us to sell electricity to our citizens at a reduced price and also perhaps to neighbouring countries, thereby circumventing the rise in gas prices on the international market.”

On May 13, Harutiunian announced that the Mataghis reservoir, located in the north of Nagorny Karabakh and currently in a very poor state of repair, had been handed over to the Artsakhges company, which will construct a series of five small hydroelectric power stations over the next two to three years. The intention is the power stations will provide for all of Nagorny Karabakh’s energy needs.

In the meantime, other products are also becoming more expensive.

Prime Minister Harutiunian said this was good news for Karabakh farmers. “We are an agricultural country but we often hear complaints from farmers that they cannot sell their crops at a reasonable price and aren’t earning a profit,” he said. “Because of the price rises, our farmers are now pleased with the results of their work.”

Seventy-year-old pensioner Karo Gevorgian is furious.

“How can I be happy? What are they doing with people?” he asked. “They put up the pension by a tiny amount and everything else has become many times more expensive. How can I live like this? They are driving people to their graves.”

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