

# Energo

## CEE/FSU POWER MONITOR

22 June 2011

Week 24

Issue 568

❖ News  
❖ Analysis  
❖ Intelligence

Published by

❖ NewsBase

### COMMENTARY 2

- Coal questions 2

### MARKET COMMENTARY 3

- German nuclear decision lifts markets, but effects are short-lived 3

### CENTRAL EUROPE 5

- CEZ completes acquisition of Romanian hydro company 5
- EBRD, IFC fund Romanian wind farms 6
- Awkward Poles 6

### BALTICS 7

- Eesti Energia approves construction of new shale-fired TPP 7

### BALKANS 7

- Westinghouse signs nuclear deal with Bulgaria 7
- Croatian government dismisses HEP privatisation claims 8
- Montenegro's EPCG posts 21% slump in first-quarter profit 9

### EASTERN EUROPE 9

- TGK-1 needs US\$1 billion for modernisation 9
- RusHydro to create renewable energy fund 10
- Westinghouse to supply more fuel to Ukrainian NPPs 11

### CAUCASUS & CENTRAL ASIA 11

- Georgia to develop hydropower for export 11
- Kazakhstan, China in new nuclear deals 12

### NEWS IN BRIEF 13

### TENDERS & CONTRACTS 26

### NEWS THIS WEEK...

## Sino-Russian relations

Russia and China still cannot reach agreement on the price for raising annual coal exports to 20 million tonnes. Pricing rows and high rail infrastructure costs are hindering a deal, despite encouraging statements from both sides.

■ **China offers new markets for Russia's abundant Siberian and Far East coal deposits.** (Page 2)

■ **Beijing can afford to play a long game to secure good prices.** (Page 2)

## Poland says no

Poland has voted against the proposed EU roadmap for cutting CO2 emissions by 2050.

■ **Warsaw says that Brussels ought to take the individual needs of member states into account and show more solidarity.** (Page 6)

## Westinghouse goes west

Toshiba-owned Westinghouse has sealed two major European deals.

■ **Westinghouse has agreed with Bulgaria to help develop the Kozlodui NPP.** (Page 7)

■ **It is also to supply more nuclear fuel to Ukraine, winning market share from Russia's TVEL.** (Page 11)

For analysis and commentary on these and other stories, plus the latest electricity developments, see inside...

Copyright © 2011 NewsBase Ltd.

[www.newsbase.com](http://www.newsbase.com)

edited by Richard Lockhart

All rights reserved. No part of this publication may be reproduced, redistributed, or otherwise copied without the written permission of the authors. This includes internal distribution. All reasonable endeavours have been used to ensure the accuracy of the information contained in this publication. However, no warranty is given to the accuracy of its contents

## COMMENTARY

# Coal questions

Russia and China are moving closer to agreeing on prices for coal exports, with China's soaring power demand likely to remove any remaining obstacles to a potential 20 million tonne per year deal

By *Graham Lees*

- **Russia has got close to a deal with China to raise exports 20 million tonnes per year**
- **Moscow has highlighted the Kuznetz Basin and Amur as suitable sources of export coal**
- **The two countries have agreed on a green energy joint venture**

China has renewed negotiations with Russian mining companies for joint ventures to develop some of Siberia's vast untapped coal reserves.

Talks, which have been held on and off since 2009, resumed during an energy conference in St Petersburg attended by a Chinese delegation headed by President Hu Jintao.

The two countries are looking at plans to raise Russian coal exports to China to at least 20 million tonnes per year in the next five years.

"There are plans to create energy and technology complexes, to enable the comprehensive development of coal fields," Konstantin Alexeyev, the head of the Russian Energy Ministry's coal department, was quoted by Interfax news agency as saying last week.

Alexeyev identified two separate regions of the Russian Far East where the two countries could co-operate in exploration, production and infrastructure development – both within striking distance of the Chinese.

The regions are the Kuznetz Basin in south-west Siberia and the Amur region in Siberia's south-east corner.

China's biggest coal producer, state-owned Shenhua Group, is talking to Russian power giant Inter RAO UES and state-owned energy fuels producer Rostprom.

Shenhua is looking at a deal with Inter RAO UES in the Kuznetz area while negotiating with Rostprom on coal mine developments in Amur.

The Kuznetz Basin holds some of the world's biggest known coal deposits, but

production has been hampered by lack of capital and inadequate transport infrastructure.

## Rising trade

China's purchases of Russian coal have been rising steadily as imports of the fossil fuel in general have climbed, including from Indonesia and Australia.

Imports of Russian coal topped 12 million tonnes in 2010, according to official figures from the National Development and Reform Commission (NDRC).

Russian Energy Minister Sergei Shmatko told the St. Petersburg conference that the aim of both sides was to increase coal exports to China to at least 20 million tonnes per year from 2015.

"The problem behind this effort by China to increase coal supply from Russia is similar to that hindering oil and gas deals between the two countries, namely money," Hong Kong-based energy industries independent analyst Jeff Mead told AsiaElec.

"Both sides want a deal but both sides want too much from the other. The

---

***"No doubt it will eventually happen, because this is coal on China's doorstep compared to the extra expense of importing from Australia and even Indonesia"***

situation with a coal deal is that Chinese money would be needed to fund much of the developments, from mines to railway infrastructure."

"No doubt it will eventually happen, because this is coal on China's doorstep compared to the extra expense of importing from Australia and even Indonesia," he said.

## Coal clusters

The Russians are seeking loans from China totalling US\$6 billion, some of which would need to be used to build new railway lines.

There has also been discussion about joint venture construction of coal-fired thermal power plants (TPPs) on the Russian side of the two countries' common border, with the electricity to be transmitted into China.

At the St Petersburg conference, the Russian energy ministry's Alexeyev talked about the idea of developing mine "clusters" in the Kuznetz Basin. He identified the Karakanskoye and Mencherepskoye areas.

One of the problems affecting coal shipments to China from the Kuznetz region is the difficult terrain through which a railway would have to be built.

Kuznetz borders China's wild and rugged mountainous semi-desert north-west Xinjiang region.

The Russian energy ministry told Interfax that documents had been prepared for agreements on coal ventures to be signed during the conference. ►►

## COMMENTARY

### Green hopes

Chinese President Hu said in St Petersburg that China was keen to “prioritise” its energy co-operation with Russia, but a comprehensive agreement of coal remained elusive, with the conference ended on June 18 without any major deals being struck.

The Chinese side has remained tightlipped since.

The Russian-Chinese meetings did, however, achieve some minor power agreements.

Inter RAO UES is to start a joint venture called the Green Energy

Corporation with China’s part-state-owned National Bio Energy Company.

The two firms said they planned to develop a variety of renewable energy projects.

In a statement, Inter RAO UES said: “Green Energy’s activities will include building power plants that run on various types of biomass to generate thermal and electric energy, as well as biogas; reconstructing coal and oil-burning power plants with low indicators of energy and resource efficiency to integrate energy-saving technologies; [and] creating plants to make briquette

fuel pellets of peat, waste wood and other types of biomass.”

Russia also plans to export 1.4 billion kWh of electricity to China this year, Deputy Prime Minister Igor Sechin said last week.

Beijing likes to play a long game, especially with the Russians, it seems. However, with China’s power demands spiralling ever upwards and domestic coal production struggling to meet demand, it is surely only a matter of time before the vast untapped energy resources of Siberia come into play. ■

## MARKET COMMENTARY

# German nuclear decision lifts markets, but effects are short-lived

Germany’s pullback from nuclear caused only a temporary upward pressure on power prices, while Russian rates have shown some volatility

*By David Flanagan*

### Central Europe

Czech, Slovak and Hungarian wholesale power prices drifted in an overall lower direction over the course of late May and early June.

The market had initially been fired up by the German government’s March decision to suspend operations at a number of nuclear facilities following the earthquake in Japan, pending a review. Then, in late May, Germany took the decision to close nuclear power facilities permanently.

The safety fears surrounding nuclear power prompted Germany’s decision, but other European Union (EU) states such as France may be contemplating similar moves. France is far more reliant on nuclear power, and therefore has less scope in the immediate term to make such a wholesale change.

But, as it turned out, power futures prices had to some extent already discounted Germany’s final decision, and

although power prices initially surged on the Czech and Hungarian markets because of the German move, a pullback has since followed. Hence, the effect on immediate market conditions has been somewhat short-lived. Also now adding to the downward pressure on power prices is the considerable weakening of commodity prices in recent weeks.

Although a spike in crude oil prices occurred in early June owing to a stormy Organisation of Petroleum Exporting Countries (OPEC) meeting, generally speaking, oil, gas and coal prices have come off their peaks of 2011 quite rapidly in the last month or so. And, accordingly, this has helped to bring power prices down across Europe.

In addition, prices across gas and power markets in Europe have begun to reflect seasonal effects. Warmer temperatures in Northern Europe had so far exerted little impact on power prices, but the impact has become somewhat

overdue. Gas and power prices have finally started to show some weakness based on reduced demand levels, as is usually the case during summer months. This effect could intensify in the weeks ahead.

On Prague-based Power Exchange Central Europe (PXE), Czech baseload power futures for July 2011 delivery dropped steadily in late May and early June. The contract was trading around the 58 euro (US\$83.28) per MWh level in Week 3 of May, and moved lower by the end of the month to around 56.20 euros (US\$80.70) per MWh.

The contract then traded around the 56 euro (US\$80.41) level in early June until another fall was seen around June 14, to the 54 euro (US\$77.54) level.

The contract was trading at 54.20 euros (US\$77.83) at close of business on June 21. The Hungarian July future followed a similar trend, closing at 55.75 euros (US\$80.05) per MWh on June 21. ►►

## MARKET COMMENTARY

### July Futures prices - Power Exchange Central Europe, 21st June 2011

Sector	Base Index (euros)	Peak Index (euros)
Czech Republic (MWh)	54.20	66.65
Hungary (MWh)	55.75	69.00

**Source: Power Exchange Central Europe**

### Russia

Prices in the Russian market showed more volatility in late May and early June than in April and May.

In Price Zone 1, baseload power futures at the zone's Centre hub, quoted on the Moscow Energy Exchange (Mosenex), broke through the 1,000 ruble (US\$35.68) barrier after closing on May 17th at 998.29 rubles (US\$35.61) per MWh.

The market climbed to a peak for the month of 1,148.95 rubles (US\$40.99) per MWh on June 14, and lost ground gradually over the following days. The contract closed at 1,083.80 rubles (US\$38.66) on June 21.

In Price Zone 2, baseload futures at the zone's West Siberia hub quoted on Mosenex also showed volatility.

Starting at 593.15 rubles (US\$21.16) per MWh on May 17, the contract ebbed and flowed around the 600 ruble (US\$21.41) per MWh mark. At the peak, the contract was trading at 678.36 rubles (US\$24.20) per MWh, on June 9.

Mosenex marked one full year of trading on June 21 since introducing exchange-traded power futures contracts. It disclosed that trade worth around 18 billion rubles (US\$642 million) in these contracts had passed through the exchange in the first year.

The exchange had confirmed to *Energ* in May that open interest in power futures on the exchange for June 2011 settlement was rising, suggesting greater liquidity. New members are also joining, including LLC-Inter RAO Invest on May 24.

In its next year of operations, Mosenex is planning the launch of power options, with a possible introduction by November. Price volatility has been evident in Mosenex futures in the early part of June. The recent trend is downward for Price Zone 1, and this may reflect a number of factors.

These include a possible surplus of power, especially in the west of Russia owing to the reduction in power deliveries to Belarus. This is related to a payment issue, and may escalate if not resolved.

Seasonal effects of warmer temperatures and falling oil prices are also likely to be helping to moderate prices at the moment, and these effects may continue in the days ahead. ►►

### Futures Index prices - Moscow Energy Exchange, 21st June 2011

Sector	(rubles)	Change on previous day (%)
Centre, Price Zone 1, baseload (MWh)	1,083.80	-3.62%
West Siberia, Price Zone 2, baseload (MWh)	591.87	+1.61%

**Source: Moscow Energy Exchange**

## MARKET COMMENTARY

### Market Projections

*Prices in Eastern Europe have shown the effects of the question surrounding Germany's nuclear power activities. The latter's decision was widely expected to be a move towards de-nuclearisation, and this may have the long-term effect of placing more demand on Czech and Hungarian generators.*

*In the event, prices may already have reflected this impression, and hence while Czech and Hungarian prices rose on the decision, the upsurge was quite short-lived.*

*Prices have drifted down since this point, and a further downward slide may be expected. Warmer weather and a drop in fuel prices may also have a softening effect.*

*On the Russian market, prices escalated in late May, but a payment problem has led to Russia cutting back on power deliveries to Belarus, which may leave surplus power in the Western sector of the market.*

*In addition, seasonal influences and lower fuel costs may help to push power prices down in the coming days and weeks.*

*Price Projection for PXE Czech/Slovak July baseload futures for Week 5 June: 51.00-55.00 euros (US\$73.23) per MWh*

*Price Projection for Mosenex June baseload futures (Price Zone 1 Centre hub) for Week 5 June: 1,000-1,050 rubles (US\$35.68-37.46) per MWh ■*

## CENTRAL EUROPE

# CEZ completes acquisition of Romanian hydro company

CEZ Romania Group, a subsidiary of Czech energy giant CEZ, has completed the takeover of TMK Hydroenergy Power in southwestern Romania in a deal worth nearly 20 million euros (US\$28.7 million), the Czech company announced on June 16.

CEZ bought 100% of TMK's shares in December 2010, and the transaction was finalised this month. The company is now part of the CEZ Group.

TMK owns an 18-MW hydropower system near Resita, in the southwestern Caras Severin County. It also owns four smaller 10-MW hydropower plants (HPPs).

CEZ plans to spend 30 million euros (US\$43.1 million) upgrading the HPPs, according to media reports.

One of the largest listed companies

in Central and Eastern Europe, CEZ has been in Romania since 2005, when it bought Electrica Oltenia, a power distribution company.

Though tightening credit amid the global financial crisis has forced CEZ to stall many of its expansion plans, the company is continuing to invest in Romania.

CEZ is currently building a 1.1 billion euro (US\$1.6 billion) wind farm in southeastern Romania near the Black Sea.

The two-stage wind farm in the villages of Fantanele and Cogealac is one of the largest ongoing foreign investments in Romania.

CEZ announced the project in July 2009, when it borrowed more than 250 million euros (US\$359 million) to begin work at Fantanele.

When complete, the 600-MW

facility will boast more than three times the capacity of the world's current largest wind farm, in Guadalajara, Spain.

Nevertheless, the company pulled out of a deal to build a new gas-fired thermal power plant (TPP) in eastern Romania.

CEZ said it was dropping plans to build the 400-MW Galati TPP because of "significant and unexpected" construction costs.

A preliminary study showed the project was not feasible because of costs related to gas pipelines, the company said.

CEZ also withdrew from a partnership with the government to build two new units at Romania's Cernavoda nuclear power plant (NPP). ■

## CENTRAL EUROPE

# EBRD, IFC fund Romanian wind farms

The European Bank for Reconstruction and Development (EBRD) and IFC, a member of the World Bank Group, is backing Romania's strategy to increase its renewable energy production by lending 114.8 million euros (US\$165.2 million) to co-finance the construction and operation of the 138-MW Cernavoda I & II wind farms.

"Supporting renewable energy projects is one of the EBRD's key priorities. The Cernavoda wind farm will considerably scale up Romania's wind generation capacity, helping the country to meet EU green energy quotas," said Nandita Parshad, EBRD Director for Power and Energy.

The EBRD and IFC are lending 57.4 million euros (US\$82.4 million)

each to Cernavoda Power, majority-owned by Portugal's EDP Renovaveis (EDPR), the world's third largest wind energy company, to finance the construction and operation of the wind farms.

"EDPR is pleased with this agreement and we look forward to developing the relationship with our partners and to continuing to provide safe and clean renewable energy to Romania", said Ana Maria Fernandes, CEO of EDPR.

The Cernavoda wind farms, located in the Dobrogea region of Romania, will together comprise one of the largest wind farms in the country.

Cernavoda I, with 69 MW, is already in operation, while Cernavoda II, with another 69 MW, is currently

being commissioned. The total capacity will represent one-quarter of the overall wind generation capacity in Romania.

Both lenders are to retain 42.2 million euros (US\$60.6 million) for their own accounts, syndicating 15.2 million euros (US\$21.8 million) each to a group of commercial banks.

This is the first investment and project financing by the EBRD and IFC in the renewable energy sector in Romania.

"IFC's support for renewable energy is an important part of our work to address climate change and improve access to infrastructure," said Dimitris Tsitsiragos, IFC Director for Middle East, North Africa and Southern Europe. ■

## Awkward Poles

Poland this week placed a major block on the EU's roadmap to cut CO2 emissions as it voted against approving Brussels' latest 2050 action plan.

Critics said it was an ominous sign for any prospects that the issue would be settled during Poland's presidency of the European Council, which starts on July 1.

The Polish "no" came during one of the last major ministerial meetings to be held under the Hungarian presidency, Environment ministers were supposed to agree on a European Commission-proposed roadmap to make deep cuts to CO2 emissions by 2050.

The roadmap, or action plan for moving to a competitive low-carbon economy in 2050, established the goal of reducing greenhouse gases emissions (measured in CO2

equivalent) by as much as 80-95% by 2050 relative to 1990 levels.

Intermediary reduction steps would be set at 40% in 2030 and 60% in 2040.

Also, the European Commission did not rule out that the now-binding 2020 target of a 20% reduction could be increased to 25%.

The Polish Press Agency reported on June 21 that the Commission was even considering a higher 2020 reduction of 30%.

According to the Polish environment ministry, however, Poland cannot agree to the proposed roadmap, nor to any increase in the 2020 emissions reduction target.

"We expect higher solidarity in Europe, understanding the situation of particular Member States as well as fulfilling the current obligations by the EU. The conducted analyses should be subjected to extensive

discussion and the effects [on] particular countries should be duly taken into account. Then it will be possible to make a decision about further actions," the ministry said in statement.

Poland's opposition is not going down well with other member states and environmental groups.

"It's time for Europe to break free from climate inaction. Europe has to step up [...] domestic cuts and embrace the economic benefits of more ambitious emissions targets – 6 million more jobs, import security and competitiveness. Poland's block on further climate discussions is an ominous sign for the next EU presidency," said Esther Bollendorff, climate justice and energy campaigner for Friends of the Earth Europe, in a statement. ■

## BALTICS

# Eesti Energia approves construction of new shale-fired TPP

Estonian national power provider Eesti Energia has given the green light for the construction of a new 600-MW oil shale-fired thermal power plant (TPP), defying speculation that the project might be postponed.

According to press reports, the utility's council decided on June 16 to move forward with a contract awarded earlier this year to a consortium led by the French company Alstom.

The contract, valued at around 950 million euros (US\$1.36 billion), calls for the group to build a shale-fired TPP with a capacity of up to 600 MW near an existing facility in Narva.

The fate of the project came into question last month, when the Estonian government withdrew its request to the European Union for permission to fund construction of the plant.

This move led some observers to predict that Eesti Energia would not give its approval for construction, since the contract listed state funding as a requirement for moving forward.

Along these lines, Meelis Atonen, one of the members of Eesti Energia's

council, was quoted by LETA/Postimees as saying on June 14 that his company would negotiate a one-year extension of the contract rather than make a decision now on whether to start work. The utility must be certain about the government's willingness to fund the project before approving it.

On June 15, though, Rasmus Ruuda, an advisor to Estonia's Economy and Communications Ministry, said that the proposal ought to go forward.

He was quoted as saying by LETA/Aripaev as saying that the country needed to ensure its energy security and that this goal could not be met without the construction of new power plants.

Although the EU would, for environmental reason, prefer to see Estonia use less oil shale for power generation, Ruuda added, alternative energy technologies are not capable of meeting demand for electricity. As such, the country should maintain a "varied portfolio" of energy sources in which oil shale plays a key role, he said.

His words were echoed by Juri

Kao, the chairman of Eesti Energia's supervisory board, who was quoted by ERR News as saying on June 16: "The construction of the new power plant will ensure Estonia's energy security for the next decades."

The utility's decision is, according to ERR News, widely viewed as a sign that the government, which holds a 100% stake in Eesti Energia, will somehow find a way to cover the cost of the new TPP. Kao alluded to this on June 16, saying that the project "will definitely require state aid."

He added: "After the withdrawal of the permission for state assistance we must make maximum use of the possibility to support the [cost of] construction from free CO2 credits."

The new TPP will have two generating units equipped with circulating fluidised bed (CFB) technology, with each unit having a capacity of up to 300 MW.

Eesti Energia has said it hopes to bring the first unit online in 2015 and will make a decision on whether to go ahead with work on the second unit in 2012. ■

## BALKANS

# Westinghouse signs nuclear deal with Bulgaria

US-based Westinghouse Electric Co., a subsidiary of Japan's Toshiba Corp., has signed a Memorandum of Understanding (MoU) on nuclear co-operation with Bulgarian Energy Holding (BEH).

Under the MoU, which was signed

in Sofia last week, Westinghouse and BEH are to discuss co-operation on a range of nuclear energy projects at the Kozlodui nuclear power plant (NPP) site, Westinghouse said.

These projects include supporting the extension of the NPP's two

operating reactors' working lives, developing instrumentation and control technology and decommissioning and dismantling the four non-operational units, Westinghouse said. ►►

## BALKANS

The scope of the agreement also covers more general considerations of various stages of the nuclear fuel cycle and any proposed new build in the region, Westinghouse said.

Bulgaria has an established nuclear programme dating back 35 years and nuclear energy accounts for one-third of the nation's electricity generation.

The country has maintained its nuclear promotion policy despite the ongoing nuclear crisis in Japan.

The Fukushima No.1 NPP in Fukushima Prefecture, about 220 km north-east of Tokyo, was ravaged by the devastating earthquake and tsunami that hit the northeastern part of Japan on March 11. It has suffered fires and explosions, leaking radiation.

"Westinghouse actively participated in the modernisation project of Kozlodui Units 5 & 6, and we are pleased to strengthen our relationship with such an important member of the international nuclear community," Anders Jackson, Westinghouse president for the Europe, Middle East and Africa Region, said in a statement.

Toshiba is one of Japan's three NPP makers, along with Mitsubishi Heavy Industries, Ltd. (MHI) and Hitachi, Ltd.

Toshiba purchased Westinghouse from British Nuclear Fuels Plc



(BNFL) for about US\$5.4 billion in 2006.

Toshiba is also a manufacturer of some of the six reactors at the Fukushima No.1 NPP, operated by Tokyo Electric Power Co. (TEPCO), Japan's biggest electric utility.

Toshiba president Norio Sasaki said at a press conference last month that the company's nuclear power business target would be delayed, possibly by two to three years, owing to growing global caution about NPPs.

Thus far, Toshiba is aiming to achieve 1 trillion yen (US\$12.20 billion) in annual sales from its nuclear power business in the 2015 fiscal year by securing orders for 39 reactors around the world by that fiscal year.

The Tokyo-based company's annual sales from the nuclear power business totalled about 570 billion yen (US\$6.95 billion) in fiscal 2009, which ended in March 2010.

## Croatian government dismisses HEP privatisation claims

The Croatian economy ministry has dismissed trade unions' claims it had failed to consult with state-owned power utility Hrvatska Elektroprivreda (HEP) over the proposed reforms of the energy sector, stating that fears of privatisation were unfounded.

The ministry said that the unions had published "inaccurate information and data" on the proposed law, which

aims to bring the country's energy regulations into line with European Union law.

The ministry said in a statement issued on June 10 that HEP had been aware since 2010 of the need to harmonise Croatian legislation with European law, as required by the third package of EU energy legislation.

The ministry said that it had held several meetings with HEP

representatives in 2010, as well as three public hearings, on future restructuring models for the country's energy companies, which would include breaking up HEP into a number of state-owned subsidiaries.

The Ministry stressed that the reforms would not lead to job losses at HEP, nor push up power prices or betray national interests. ►►

## BALKANS

Introducing new legislation would allow energy operators, such as HEP, to become eligible to use EU structural funds to implement EU-mandated projects.

The ministry was quick to point out

that HEP would remain in the hands of the Croatian government, stressing that the new unbundled transmission system operator (TSO) would not be privatised.

HEP currently has to import more

than 50% of the country's energy requirements. The ministry said that reform and restructuring, together with construction of new generation facilities, was required to secure the country's energy independence. ■

# Montenegro's EPCG posts 21% slump in first-quarter profit

Montenegrin power monopoly Elektroprivreda Crne Gore (EPCG), majority-owned by the government, recorded a big profit slump in the first quarter of 2011, according to the country's securities commission.

EPCG's profit in the first quarter of 2011 stood at 12.8 million euros (US\$18.4 million), plunging 21% against the same period of 2010.

At the same time, the company's revenues dropped 1% year-on-year, to 85.5 million euros (US\$122.8 million), while its operating profit plummeted 38%, to 9.5 million euros (US\$13.6 million).

EPCG's total assets grew 1% compared to the first quarter of 2010, reaching 1.09 billion euros (US\$1.27 billion), while its long-term liabilities climbed 38%, hitting 95.5 million euros (US\$137.1 million).

A2A bought an 18.3% holding in EPCG in September 2009 and raised

its stake to 43.7% a month later. A 55% stake in the company is in the hands of the government in Podgorica.

The acquisition deal gave A2A a five-year management contract and an option to buy more state-held shares after the five-year period to build a majority holding on condition it met profit requirements.

A2A, however, missed its 2010 profit target of 20 million euros (US\$28.7 million) and now wants to revise the acquisition contract in order to be able to get a majority holding despite the failure to meet the requirements.

EPCG made a profit of 16.5 million euros (US\$23.7 million) in 2010, up from 4.1 million euros (US\$5.9 million) it posted in 2009.

The company had revenues of 297.9 million euros (US\$427.8 million), down 3.6% against the year

before.

It generated 4.021 billion kWh of electricity in 2010, boosting its output 50% compared to 2009. At the same time, the country reduced electricity imports to 722 million kWh and lifted exports to 445 million kWh.

Earlier in 2011, EPCG sought a government approval to boost electricity prices by as much as 79%. The Montenegrin regulatory energy agency RAE, however, dismissed the request and said that prices instead should go down, by more than 2%.

EPCG earlier said that the required price increase would bring its revenues of 376.2 million euros (US\$540.2 million) in 2011, up 65% against 2010. The company also said it would spend the money on investment, environmental protection projects and servicing obligations to the state. ■

## EASTERN EUROPE

# TGK-1 needs US\$1 billion for modernisation

GazpromEnergy-owned TGK-1 is looking to raise up to US\$1 billion to fund the modernisation of its generating assets in the city of St. Petersburg and is to ask for government approval to raise tariffs to

raise the cash.

The company currently funds construction of new and replacement capacity through its Power Supply Contracts (PSCs), as laid down by Russian law. TGK-1 needs to

approach the government, as it legally cannot use its current PSCs to raise extra money, as the Russian government is planning to cap power prices to keep inflation under control. ▶▶

## EASTERN EUROPE

The company signed a number of PSCs when it was privatized, being bought by Gazprom in 2007.

These PSCs required investors to pledge to build new generating capacity in return for state-guaranteed returns on investment by charging a fee for power.

However, since then, the PSCs have led to a sharp rise in power prices for many consumers, especially in 2011.

Industry experts said that the PSCs were still the only agreed funding mechanism for the power sector. It has not yet been agreed how to cover the costs of upgrading existing power

plants.

Analysts have estimated that the city of St. Petersburg, where TGK-1 operates, needs to modernise 1,400 MW of capacity by 2020 at a cost of over US\$ 1 billion.

TGK-1 has so far spent US\$66-83 million per year on upgrades and reconstruction. It now needs to spend about US\$100 million per year until 2020.

However, Gazprom Energoholding wants to use its PSCs to fund some upgrading projects and intends to ask the government for approval in the next two to three weeks.

Analysts said that generating company owners were keen to use the PSCs, as their investment is effectively guaranteed by the state.

They said that government efforts to limit tariff increases would have a detrimental effect on the power sector in the long run.

As such, the government does not want to allow prices to rise, while generating companies do not want to build new capacity because of a lack of market incentives in the shape of PSCs. ■

# RusHydro to create renewable energy fund

State-owned RusHydro is to create a renewable energy subsidiary and establish an investment fund to develop green energy projects in a bid to meet the country's international renewables commitments.

RusHydro said that renewables was outside its core activity and therefore preferred not to invest in green projects directly but to use a separate investment fund.

By the end of 2011, RusHydro and the Russian Energy Ministry plan to identify 5-7 key renewable energy projects, RusHydro deputy chairman George Rizhinashvili said.

RusHydro's strategy calls for design work on the projects to begin in 2012. The size of the investment fund will depend on the funding requirements of the chosen projects.

The Russian company has already begun to sign co-operation

agreements with global renewable companies.

In the middle of June, RusHydro agreed to work with Iceland's Reykjavik Geothermal to develop geothermal projects.

The two sides are to set up a joint venture that will build geothermal power plants of up to 200 MW. RusHydro is to take a majority state in the JV and is to act as investor, while Reykjavik Geothermal is to be in charge of project management.

In a related development, RusHydro has signed a Memorandum of Co-operation with Japan's Mitsui & Co. and Electric Power Development Co. (J-Power) for renewables and energy conservation projects.

The two sides are to concentrate on wind and hydropower projects in Russia and Southeast Asia.

RusHydro hopes that by 2012 the Russian government will approve the regulations required to develop a feed-in tariff (FiT) for electricity generated by renewables projects.

A package of regulations has already been drafted. The government now needs to identify and approve individual projects.

Russia must speed up the development of green energy, as the government made a commitment in 2009 to generate 4.5% of electricity from green sources (not including hydropower) by 2020, compared with the European average of 7%.

With heavy reliance on gas, oil and nuclear power, Russia is lagging behind its CIS neighbours and China in terms of renewables development. ■

## EASTERN EUROPE

# Westinghouse to supply more fuel to Ukrainian NPPs

Westinghouse is to start nuclear fuel supplies to Ukraine's Zaporozhye nuclear power plant (NPP) in 2012, Ukrainian state nuclear power company Energoatom announced on June 17.

An agreement was reached between Energoatom and Westinghouse on June 16, despite the fact that Westinghouse's nuclear fuel has not yet been licensed in Ukraine.

The deal means that Westinghouse is to supply more nuclear fuel to Ukraine, as until now it only sends feedstock to the South Ukrainian NPP.

The deal comes despite plans announced last year by Westinghouse's main rival, Russia's TVEL, to expand in Ukraine. In September 2010, Westinghouse lost

out to TVEL in a tender to build a nuclear fuel production plant for Ukraine's water-moderated water-cooled reactors.

A year ago, when TVEL signed an open-ended contract to supply Energoatom with nuclear fuel, it was expected that Westinghouse would lose the Ukrainian market for its fuel altogether.

However, Ukraine has been reluctant to accept Russia's offer to merge the two countries' nuclear industries fully, and problems have emerged.

A joint project to build new reactors at Ukraine's Khmelnytsky NPP stumbled over misunderstanding regarding the interest rates for a loan from Russia's Sberbank.

Meanwhile, Ukraine is in no hurry

to privatise Turboatom, a Kharkov-based manufacturer of power plant equipment which the Russians want to buy.

Energoatom's agreement with Westinghouse means that three out of Ukraine's 15 nuclear reactors will be consuming the latter's fuel from 2012 until at least 2015.

The Ukrainian government wants to boost competition on the Ukrainian nuclear fuel market by giving a larger share of it to Westinghouse, business daily Kommersant-Ukraine reported on June 20, quoting a source at Energoatom.

The source said the agreement with Westinghouse should prompt TVEL to improve the quality of its fuel in order to maintain its share of the Ukrainian market. ■

## CAUCASUS & CENTRAL ASIA

# Georgia to develop hydropower for export

The Georgian energy ministry has signed a contract with Norway's Clean Energy Invest to build a 512-MW hydropower plant (HPP) on the Acharistskali River in Adjara, the local press reported last week.

The US\$660 million project, which would involve six 128-MW units, is to help Georgia become a major power exporter. It will also support plans to create a power trading system spanning the Caucasus, Central Asia, Turkey, Afghanistan, Pakistan and India.

Georgian officials said that the new

HPP's output would be targeted at the Turkish market. A feasibility study is set to be completed in 2012, while construction would take another three years, according to draft plans.

The project is regarded by the Georgian government as "one of the biggest in hydropower generation development in Europe." It will be financed jointly by Clean Energy Invest and the International Financial Corporation (IFC).

The Georgian government has already approved plans to build 15 new HPPs across the country,

requiring US\$3.5 billion in investment, O-Journal quoted government officials as saying.

In the near future, Georgia aims to develop a so-called energy corridor that could send electricity from Georgia via Turkey to the Balkans.

Exports to Serbia are reportedly scheduled to begin in the near future from two Russian-owned HPPs located on the Khrami River. Russia's Inter RAO UES bought the two HPPs in April, Ukrudprom Daily reported. ►►

## CAUCASUS & CENTRAL ASIA

“Europe is seriously looking at Georgia as a possible exporter of energy resources,” Trend Daily quoted Georgian Prime Minister Nikoloz Gilauri as saying.

He said that the project aimed to tap into Europe’s intention to diversify generating resources, especially following the accident at the Fukushima nuclear power plant (NPP) in Japan.

“It is now important for the European Union to determine sources to receive clean energy and where such energy could be stored. In this connection, the EU is looking at four



countries: Spain for Western Europe, Switzerland for Central Europe, Norway for Southern Europe and

Georgia for Eastern Europe,” the official said. ■

## CAUCASUS & CENTRAL ASIA

# Kazakhstan, China in new nuclear deals

During Chinese President Hu Jintao’s visit to Kazakhstan on June 12-15, officials of the two countries signed new agreements on co-operation in civilian nuclear technology.

Kazakh President Nursultan Nazarbayev said the agreements included “joint fuel production and construction of nuclear power plants (NPPs).”

Last December, Kazakhstan received certification for its uranium dioxide fuel pellets for sale to China. State nuclear power company Kazatomprom and the China National Nuclear Corporation (CNNC) signed new agreements “on strategic nuclear co-operation” in Astana on June 13.

Nazarbayev said the signing of the new deal meant “this year, supplies of fuel pellets will start from Kazakhstan to China.”

For now, the fuel pellets are

produced at the Ulba Metallurgical Plant, a 60-year-old facility in the northeastern Kazakh city of Ust-Kamenogorsk.

Kazatomprom has a deal with France’s Areva to make the pellets for use in Areva reactors in China. Kazatomprom and Areva are constructing a fuel assembly plant in Kazakhstan scheduled to be operational in 2015.

Chinese President Hu, making his third visit to Kazakhstan since December 2009, spoke of further “expanding co-operation in the field of nuclear energy,” a process well under way in recent years. During Kazakhstani President Nazarbayev’s visit to China in February, Kazatomprom and the China Guangdong Nuclear Power Company (CGNPC) signed an agreement for Kazakhstan to export some 55,000

tonnes of uranium to China.

No timetables or costs were given, but at the time Nazarbayev said the deal was worth “tens of billions of dollars,” and would supply China with up to 40% of the uranium it needed.

CNPC and Kazatomprom signed their first strategic co-operation agreement in 2006 and by the end of 2007 had inked agreements for uranium supplies and fuel production as well as joint mining projects (at Kazakhstan’s Irkol and Sembizbai sites) and Kazakhstani participation in the construction of NPPs in China.

The nuclear agreements were only part of a number of deals representatives of the two countries signed as their leaders pledged to boost bilateral trade from the 2010 figure of US\$20 billion to US\$40 billion by 2015. ■

## NEWS IN BRIEF

### Hungary to boost share of geothermal energy

Hungary is already ahead of the global average when it comes to the utilisation of geothermal energy, meaning the country has more untapped potential, state secretary in charge of environmental affairs János Bencsik said. Provided that renewable energy can best be used in the production of heat, the new regulations the government is planning to introduce to promote sustainable sources will be targeted at heat, Bencsik said. In household and public heat production, the share of renewables will be boosted to 32% by 2030 from the current 12%, he added. In particular, geothermal energy is at the forefront of the government's interest. Not only is it used with further capacities left to generate heat, by the middle of the decade geothermal minerals will also be used to generate electricity, he said. Bencsik pointed out that regulations affecting geothermal energy are presently scattered over more than 120 regulations and laws. The envisioned simplification to the legal environment will greatly boost Hungary's geothermal competitiveness when compared to other countries in the region, he said.

**BBJ, June 16, 2011**

### EDF-Demasz lays cornerstone of biomass-fuelled power plant

Hungarian electricity distributor EDF-Demasz, a unit of France's EDF, on Monday laid the cornerstone of a Ft1.3 billion (US\$7 million) biogas-fuelled power plant in Szeged (SE Hungary). Project company Zoldforras Energia won a Ft625 million European Union grant to build the 1,200 kW plant, said EDF-Demasz CEO Thierry Le Boucher. EDF-Demasz owns a majority stake

in Zoldforras Energia. Minority stakes are held by agribusinesses Agroplanta, Karotin and Pigmark, and by Deak, a company owned by the local university. The power plant will generate an annual 7.39 GWh of electricity and 6.94 GWh of heat energy. EDF-Demasz is funding research at the Szeged University of Science that seeks to produce biogas faster and more efficiently, Le Boucher said.

**MTI - ECONEWS, June 20, 2011**

### Czech EPH buys stake in Slovak gas firm SPP-agency

The Czech energy holding company EPH bought an undefined stake in Slovakia's gas utility SPP from the E.ON Ruhrgas and Gaz de France consortium, Slovak press agency SITA said on Tuesday. Slovensky Plynarsky Priemysel (SPP), where the German-French consortium holds a 49% stake with management rights, declined to comment on the transaction. Energeticky a Prumyslový Holding (EPH), which had doubled its stake in the Czech unit of Dalkia, which is part of French utilities EDF and Veolia in May, was not available for comment. SPP, where Slovakia holds the remaining 51% stake, operates a pipeline carrying a vast majority of Europe's consumption of Russian natural gas.

**REUTERS, June 21, 2011**

### Slovakia sees Ukraine as a reliable energy supplier

Ukraine is a reliable supplier of energy resources to Slovakia, President Ivan Gasparovic has said. He said at a joint press conference with Ukrainian President Viktor Yanukovich in Bratislava on Friday that during the joint talks, the parties stated "Ukraine is a reliable partner in energy supplies to the Slovak

Republic." "We're talking about oil and gas supplies," Gasparovic said.

**INTERFAX-UKRAINE, June 17, 2011**

### CEZ to restart Temelin unit 2 toward end of July

Czech utility CEZ will restart Unit 2 at its Temelin nuclear power plant in the last 10 days of July after an unplanned delay to a shutdown, the company said on Wednesday. CEZ had first planned a 48-day fuel exchange outage that would have ended on June 23, but announced in May that a technical glitch during fuel exchange would extend the shutdown.

**REUTERS, June 22, 2011**

### CEZ receives 100 million euros in private placement

Czech utility CEZ said on Tuesday it received 100 million euros (US\$143 million) in a private placement of a 10-year bond. The bond's coupon is inflation-linked. CEZ said it executed a related swap transaction ensuring the company would effectively pay a fixed rate. The bond was issued under its existing euro medium term notes programme. Barclays Bank acted as sole manager.

**REUTERS, June 21, 2011**

### CEZ may sell Mibrag on German coal opposition, Hospodarske says

CEZ, the Czech Republic's largest power producer, may sell its 50% stake in the Mibrag mine in Germany because it's worried about opposition among Germans to coal-fired power plants, Hospodarske Noviny reported, citing an unidentified CEZ manager. CEZ originally bought the Mibrag mine with the idea to build a coal-fired power station on the site, the newspaper said.

**BLOOMBERG, June 21, 2011**

## NEWS IN BRIEF

### CEZ will face pressure to shut nuclear plants: CEO

Czech CEZ will face pressure to close its two nuclear power plants following Germany's decision to retrench from atomic energy in the wake of Fukushima, CEZ Chief Executive Martin Roman said on Wednesday. Neighboring Austria has long opposed nuclear power plants in the Czech Republic, and Roman said it is likely Germany would join in that opposition. "We will face a situation where Germany will not want to look at our nuclear plants which are profitable and make money for the Czech Republic," Roman told reporters. "We will certainly be under great pressure to close our plants as well." "It will mean that Germany will join Austria in a very strong campaign against nuclear power plants," he added. Majority state-owned CEZ operates four reactors at Dukovany and two at Temelin near the Austrian border. It plans building two more units at Temelin. Nuclear power has turned the Czech Republic into one of Europe's biggest electricity exporters.

**REUTERS, June 15, 2011**

### Twelve brokers file bids to manage sale of state stakes in CEZ, EVN Bulgarian units

As many as 12 financial intermediaries have submitted binding offers to manage the sale of the state stakes in the units of power suppliers EVN Bulgaria and CEZ Bulgaria, the Privatisation Agency said on June 16 2011. Of the total, five brokers have applied to run the privatisation of the state's 33% stakes in CEZ Razpredelenie and CEZ Electro,

namely First Financial Brokerage House, United Bulgarian Bank, Bulbrokers, Central Co-operative Bank and Capman. The sale of EVN Bulgaria Elektrorazpredelenie and EVN Bulgaria Elektrosnabdyavane has attracted the same firms plus Yug Market and Elana Trading. Potential candidates were required to file their bids by June 16. A week ago, the Privatisation Agency said it had picked First Financial Brokerage House to run the sale of two units of sector player E.ON.

**SOFIA ECHO, June 16, 2011**

### CEZ to use 30 million euros to upgrade its Romanian hydropower plants.

Czech power utility CEZ will invest 30 million euros (US\$43.2 million) in its Romanian micro hydropower plants that it had acquired from the Romanian subsidiary of Russian steel group TMK, Mediafax reported. The company contracted the upgrade works to Hydropol Project & Management and Hydropol Romania. CEZ has recently completed the takeover of TMK Hydroenergy Power for 19.8 million euros. The installed capacity of the micro hydropower plants before the upgrade stands at 18 MW. Under the domestic legislation, the upgraded micro hydropower plants receive two tradable green certificates (TGC) per MWh, against one TGC per 2 MWh if the plant is not modernised.

**ROMANIA TODAY, June 16, 2011**

### Bulgaria halts talks over Belene project for 3 months

Bulgaria has halted talks with Russian nuclear power corporation Rosatom

over construction of the Belene nuclear power plant for three months, Kommersant business daily reported Monday, citing Bulgaria's Economy, Energy and Tourism Minister Traicho Traikov. Bulgaria is waiting for a final analysis of the project from UK-based HSBC, which is acting as the financial consultant for the project, Traikov said. The 6.3 billion-euro cost of the project proposed by the Russian side was not acceptable for Bulgaria, the minister said, adding that Bulgaria was not even concerned about a potential 1 billion-euro suit that Russia could file for disruption to the project.

**PRIME-TASS, June 20, 2011**

### Changes in Lietuvos energija to be expected

An extraordinary general meeting of shareholders of AB Lietuvos energija is convened on July 4, the company reported. The meeting is going to discuss and vote on change of the name of AB Lietuvos energija into AB Lietuvos energijos gamyba. It is also intended to reorganise AB Lietuvos energija and AB Lietuvos elektrine by merging reorganised companies into Lietuvos energija, AB. The meeting is expected to approve the terms of reorganisation of AB Lietuvos energija and AB Lietuvos elektrine. The shareholders of Lithuania's power utility will also decide on the selection of the UAB PricewaterhouseCoopers firm of auditors for auditing of the financial statement of the company and the setting of the terms of remuneration for auditing services. The election of members of the Board of Lietuvos energija, AB for the next four-years term is also going to take place, according to the company.

**PENKI KONTINENTAI, June 14, 2011**

## NEWS IN BRIEF

### Estonia's Kohtla-Jarve Soojus to change its name

Since June 21, the new name of Kohtla-Jarve Soojus AS will be VKG Soojus AS. By changing the name the company wants to emphasise its connection with the Viru Keemia Grupp concern. It became full owner of Kohtla-Jarve Soojus at the end of last year, when it purchased a stake in the company for 5.6 million euros from Eesti Energia. Andres Veske, board member of the VKG Soojus said that in the coming years VKG - VKG Energia would become responsible for generation of heat, beginning in 2013, in Estonia's region of Johvi - Kohtla-Jarve. The second subsidiary, VKG Soojus, will be responsible for the delivery and distribution of heat. From January 1, 2013, when Ahtme power plant stops its work, the region with more than 40,000 residents will receive heat from the VKG shale-processing complex. Two thermal power plants belonging to VKG Energia OU will produce heat from shale gas, released during shale oil processing.

**ERR.EE June 21, 2011**

### Eesti Energia to build wind farm in Paldiski

On June 20, Eesti Energia and GE Energy signed a contract to build a wind farm on the Pakri peninsula. The wind farm with nine wind generators will be ready by 2012; in the future it will cover the electricity demand of almost 20,000 families of average level of Estonia's electricity consuming indices. The combined capacity of wind farm, which will be built at the northern tip of the peninsula, will be 22.5 MW, annual electricity output - about 67 GWh. Sandor Liive, chairman of Eesti Energia, noted that thanks to clean and environmentally friendly wind power the company would avoid the

emission of nearly 70,000 tonnes of carbon dioxide a year. The wind farm will be located at an altitude of 21-24 metres above the sea level. The height of GE 2,5 xl wind turbines, to be installed by GE Energy, will reach 135 feet from the ground to the upper extremity of the wing. Construction work will begin this fall, the production of renewable energy will start next summer. The total cost of building of the Paldiski wind farm will be about 33 million euros.

**POSTIMEES, June 21, 2011**

### One more potential NPP investor to visit Lithuania

On June 23, the delegation of Westinghouse, a potential investor in building of the new nuclear power plant (NPP) in Lithuania, will meet with Lithuania's prime minister Andrius Kubilius and the commission for the implementation of the NPP project, as well as the representatives of regional partners, Estonia, Latvia and Poland, and the European Commission. Prime Minister Kubilius said that the Visaginas NPP project was being developed according to schedule and this week, one of the potential strategic investors, the Westinghouse company, would present its proposal to project participants. Senior vice president of Toshiba Corporation and president of its Power Systems Company, Yasuharu Igarashi, will also meet with the prime minister of Lithuania. Since 2006, Westinghouse Electric Company is owned by Toshiba Corporation. This company, like Westinghouse Electric Company, has presented a proposal to invest in the NPP building.

**DELFI, June 21, 2011**

### Hitachi confirms its interest in Visaginas NPP

Hiroaki Nakanishi, president of the Japanese conglomerate Hitachi GE

Nuclear Energy, approved on June 16 the company's interest to build the Visaginas nuclear power plant (NPP) in Lithuania, to replace the old Soviet Union-built NPP, closed in 2009. After talks with the prime minister of Lithuania, Andrius Kubilius, Nakanishi said that Hitachi GE Nuclear Energy would want to contribute to Lithuania and its strategic partners to achieve reliable, economical and independent energy supply. As reported, earlier this month, Hitachi and Westinghouse Electric Company submitted an application to invest in the Ignalina NPP. Kubilius previously stated that already in mid-July, the concessions commission could select the best of both bids, and then in co-operation with regional partners would work out the concession contract by the year's end, which would then still be approved by the parliament and the project partners.

**NOZARE.LV June 16, 2011**

### Role in Baltic NPS construction may interest Lithuania

It would be in the interests of Lithuania to participate in the construction of a Baltic nuclear power station (BNPS) in Kaliningrad Region, Igor Konyshev, head of Rosatom Corporation's department for co-operation with the regions, said. "Lithuanian companies could participate in the construction of infrastructure facilities for the BNPS, as well as co-operate in its operation," he emphasised. The peculiarities of the BNPS project are in the fact that foreign companies that are interested in the purchase of electricity may acquire a block of BNPS shares (no more than 49%) and "thereby guarantee an uninterrupted supply of electric power from BNPS for their needs."

**VZGLYAD, June 16, 2011**

## NEWS IN BRIEF

### Holding IDGC presents innovative development policy

Deputy General Director of Holding IDGC Mikhail Kurbatov introduced the policy of innovative development of the company as part of events Energy Industry- 011, which take place June 13-16 in St. Petersburg. Holding IDGC poses three main challenges to innovation. The first is cost reduction, which makes it possible to increase investment. The second is improving the quality and reliability of power supply. The third is reducing power losses.

**IZVESTIA, June 15, 2011**

### Enel WGK-5 prepares bond issue

Russian power producer Enel Wholesale Generating Company-5 (Enel WGK-5) plans to start book building for its 18th 5-billion ruble, 3-year exchange bond issue on June 23, according to documents prepared for the offering. The company plans to close the bidding book on June 27, while the placement is scheduled for June 29. The indicative coupon range for the bond issue amounts to 7.50%-7.75%, while the yield is projected at 7.64%-7.90%.

**FINMARKET, June 15, 2011**

### Holding IDGC presents policy of innovative development

Deputy General Director of Holding IDGC Mikhail Kurbatov introduced the policy of innovative development of the company as part of events Energy Industry-2011, which take place on June 13-16 in St. Petersburg. Mikhail Kurbatov told the participants of the roundtable about innovation policy of the company. Round table "Innovation potential of Russia's

Energy Industry" has opened a programme of activities devoted to prospects for the Russian energy complex and to promote international energy co-operation.

**INTERFAX, June 15, 2011**

### World Bank and IFC estimate required investment in energy conservation

According to the World Bank and IFC, it will be necessary to invest US\$37 billion in the Russian industry, more than US\$43 billion in the housing and public utilities, US\$106 billion in the power industry to reduce power consumption. The foundry remains the most energy-intensive field.

**DELOVOI PETERBURG, June 16, 2011**

### IES to consolidate generating assets on basis of TGK-9

Integrated Energy Systems plans to consolidate its generating and sales assets on the basis of TGK-9. This consolidation, another stage of the strategy to create a unified vertically integrated company, is scheduled for completion in the second quarter of 2012. TGK-9 is expected to organise an additional share issue in the second half of 2011. Shareholders of IES-Holding's generating companies (TGK-5, TGK-6 and Volga TGK) will be able to swap their securities for additional shares of TGK-9.

**VREMYA NOVOSTEI, June 16, 2011**

### US Secretary of Energy Steven Chu visits Rusnano

US Energy Secretary and Nobel Prize laureate Steven Chu paid a visit to the offices of Rusnano as part of a working trip to Russia. Delegates

from the US Department of Energy came to Rusnano to get acquainted with innovative industry in the country and to seek avenues for collaboration on joint projects in energy and energy efficiency improvements. The delegation included key officials at the US Department of Energy: Thomas P. D'Agostino, under secretary for nuclear security and administrator of the National Nuclear Security Administration, Brandon Hurlbut, chief of staff; and Jonathan Elkind, principal deputy assistant secretary, Office of Policy and International Affairs.

**DELOVOI KVARTAL, June 16, 2011**

### IDGC Holding transfers 51% in MOESK to Gazprombank

Russian power utility IDGC Holding has signed an agreement to transfer its 50.9% stake in the United Moscow Power Grid Company, or MOESK, to Gazprombank into trust management for three and a half years, IDGC Holding and the bank said in a joint press release late on Thursday. Under the agreement, IDGC Holding is banned from selling the stake in MOESK for a period of one year and should keep at least 25% in the company for three and a half years.

**PRIME-TASS, June 17, 2011**

### FGC UES and Renaissance Capital sign co-operation agreement

The Federal Grid Company (FGC UES) and investment bank Renaissance Capital have signed a co-operation agreement at a formal ceremony held at the St. Petersburg International Economic Forum. ►►

## NEWS IN BRIEF

The goal of the co-operation agreement is to raise funds to finance FGC UES' investment projects, aimed at improving the energy-efficiency of Russia's economy by developing the country's power system.

**ROSFINCOM, June 20, 2011**

### Russian-French energy conservation centre opened

The Russian-French energy conservation centre has been opened. Its purpose is to promote projects in the industrial, transportation, and public utility sectors. The energy intensity of the Russian market is more than 2.5 times that of European countries.

**INTERFAX, June 21, 2011**

### Chelyabenergo to spend US\$180 million on energy metering systems

Chelyabinsk region energy supplier Chelyabenergo estimates total expense on installation of energy consumption commercial metering automated systems in the region's companies and firms at about US\$180 million. The company covers about 70% of the energy grid complex in the region. Another 30% is operated by about 120 small firms. The economy from implementation of the commercial metering system is expected to total US\$18-US\$25 million. Timeframes for the programme have yet to be disclosed.

**LABORATORIA NOVOSTEI, June 15, 2011**

### IDGC North-West completes reconstruction of substation

At the Kolenergo substation 150 kV,

which supplies electricity to the city Kovdor and Kovdorsky ore-dressing enterprise, reconstruction was completed with the installation of the batteries of the static condensers. The reconstruction will increase the capacity in the network 6 kV substation-40A by 20.4 MVA, will give the possibility to maintain the desired voltage level, to improve the quality characteristics of the transmitted power and to ensure the reliability of electricity supply to consumers.

**ROSBUSINESSCONSULTING, June 15, 2011**

### Russia offers Japan to build energy bridge connecting power grids

Russia offered Japan to build an energy bridge, which will connect the power grids of the countries, Russian Deputy Energy Minister Andrei Shishkin said at an international conference devoted to the fuel and energy sector here on Wednesday. "We have already made such an offer," he said, noting that "the creation of an energy bridge between Sakhalin and Japan requires serious developments." "There are serious calculations under a Sakhalin-Japan project," Shishkin noted.

**BFM, June 15, 2011**

### TGK-1 requires 32 billion rubles for modernisation by 2020

Russian power producer Territorial Generating Company-1 (TGK-1) requires over 32 billion rubles for modernisation by 2020, Denis Fyodorov, CEO of Gazprom Energoholding, which controls TGK-1, said at a forum on Wednesday. Fyodorov said it was not clear which sources the company could take the

funds from. It is necessary to upgrade 1,400 MW of TGK-1's power capacities by 2010, he also said.

**PRIME-TASS, June 15, 2011**

### Perm CHPP-6 installs Siemens combined cycle unit

Perm CHPP-6 (a part of Generation Urals Division of CJSC IES) is starting preparations for the first stage of start-up works that will focus on scheduled testing of some elements of a new combined cycle unit and synchronisation of interaction of all its parts. The next testing stage will include first fire of the steam turbines. The last stage provides for hot tests of the main equipment. Seventy-two hours of the unit's comprehensive testing are the mandatory final testing stage for energy equipment before the start of its commercial operation.

**LABORATORIA NOVOSTEI, June 16, 2011**

### China's Norinco to take part in building power plant in Moscow

China's Norinco International Co-operation Ltd has signed an agreement with Russian corporation GazEnergoStroy, which focuses on the construction of generating capacities, to take part in a project to build a power plant in Moscow, the Russian company said Thursday. Under the accord, the Chinese company is to participate in building the Ogorodny Proezd-Novomoskovskaya power plant with an installed electric power capacity of 600 MW and a thermal power capacity of 750 gigacalories.

**ECHO OF MOSCOW, June 16, 2011**

## NEWS IN BRIEF

### MRSK Siberia to spend US\$36 million on facilities in Kemerovo region

Interregional distribution grid company MRSK Siberia intends to invest about US\$36 million in development of energy facilities in Kemerovo region in the next three years, regional officials report. Under plans, specifically, the company intends to build the 110/6 kV Pugachi substation near the village of Berezovo in Kemerovo district. The funds are also to be spent on reconstruction and re-equipment of seven substations and nine power lines with total length of 70km, as well as installation of new power transformers and other facilities.

**ROSBUSINESSCONSULTING,**  
**June 17, 2011**

### EuroSibEnergo, Yangtze Power Co select power projects

EuroSibEnergo, the largest independent power producer in Russia, and China Yangtze Power Co, the largest Chinese listed hydroelectricity producer, signed a Framework Agreement that provides for joint investment of a list of power plant construction projects in Eastern Siberia. The top priority list includes the following projects: 1. Lenskaya CHP. Installed capacity - up to 1,200 MW. 2. Nizhne-Angarskaya HPP (Angara River). Installed capacity - 600-1,500 MW. 3. Trans-Sibirskaya HPP (Shilka river). Installed capacity - 400-900 MW.

**SIBNOVOSTI, June 20, 2011**

### Federal Grid Company, Cisco sign memorandum

The Federal Grid Company and Cisco

have signed a memorandum of understanding focused on the continued development of a smart grid in Russia. The two companies intend to develop scientific and technical co-operation. Their work is expected to focus on designing, developing and commissioning innovative equipment, mostly using solutions and technologies from Cisco. In particular, the parties will work to establish a long-term co-operation with particular focus on systems management, and the effectiveness and safety of the smart grid.

**DELOVOI KVARTAL, June 20, 2011**

### Alcoa, Rusnano and Holding IDGC to produce nanocoatings

Alcoa, Rusnano and Holding IDGC have signed a memorandum of intent to establish a joint venture for the development and production of nanocoatings. The memorandum was signed at the St. Petersburg International Economic Forum. The joint venture will produce a broad range of innovations, including anti-icing nano-structured coatings for ground cables, wires and other components of power transmission lines. The project also includes production of next generation wires and cables with improved conductivity and anti-icing properties for Holding IDGC companies.

**ROSSIYSKAYA BIZNES-GAZETA, June 20, 2011**

### Bushehr power plant on schedule—Russian specialist

Russia is satisfied with the way things are going at the Bushehr nuclear power plant, the deputy head of Russia's Rosenergoatom, Vladimir Asmolov, reported on Monday. "As

for Bushehr, there is no rush, all goes in line with the plan," said Asmolov, who is a member of the group of international advisers for nuclear safety at the IAEA. "The launch will take place when the power plant is ready," he noted, stressing that this will happen "shortly".

**ROSBUSINESSCONSULTING,**  
**June 20, 2011**

### Gazprom plans to invest in Europe's electric power industry

Gazprom plans to enter Europe's electricity market, which has called for the development of new generating capacity after several EU countries have decided against nuclear power, Gazprom deputy chief executive Alexander Medvedev indicated on Monday. "By the end of the year we will form a roster of possible projects, bearing in mind the closure of nuclear power plants in Germany and Switzerland," Medvedev said. "We want to operate not only as a supplier but also an operator in the electricity sector," Medvedev said, adding that Gazprom is not interested in tolling.

**INTERFAX, June 20, 2011**

### Russia offers Japan plentiful electricity

Russia has offered Japan plentiful electricity supplied via an undersea cable from the Russian island of Sakhalin to the northern Japanese island of Hokkaido. It hopes this can help Japan cope with shortages in the wake of Fukushima. Deputy Energy Minister Andrei Shishkin was speaking about this at a Moscow conference yesterday. The cost of the cable project is estimated at US\$6.5 billion. The construction should take two years.

**VEDOMOSTI, June 16, 2011**

## NEWS IN BRIEF

### Power capacity market may be reformed

The non-profit partnership Market Council, regulating the wholesale and retail electricity markets, has proposed to reform the long-term capacity market. The existing model, which determines the capacity cost based on competitive selections, may be abandoned. Power companies will determine their own prices based on free sale contracts for capacities and power. In this case, power and capacities will be delivered together under flat-payment schemes.

**KOMMERSANT, June 16, 2011**

### Russia to supply over 1 billion kWh of electricity to China

Russia will supply 1.4 billion kWh of electricity to China in 2011, Russian Deputy Prime Minister Igor Sechin said on Thursday. "We are building additional network facilities to ensure export," he said. According to Sechin, Russia's RusHydro is in talks with Chinese partners. "There are very serious prospects in this sphere," he said. Sechin also said Russia plans to supply about 12 million tonnes of coal to China this year.

**KOMMERSANT, June 16, 2011**

### RusHydro, Reykjavik Geothermal to co-operate in geothermal projects

RusHydro has announced that it signed a co-operation agreement with Reykjavik Geothermal, which defines the terms of co-operation in

geothermal power projects. The parties are working together to set up a JV, which will focus on the construction of geothermal power plants with total installed capacity of up to 200 MW. RusHydro will hold a controlling stake in the JV and act as an investor, and Reykjavik Geothermal will manage the projects. RusHydro is also considering similar projects in Russia with total installed capacity of 100 MW or more and can create a 100% subsidiary for this purpose.

**EXPERT, June 15, 2011**

### Thermal power plant starts construction in Khabarovsk

The construction of a 120 MW/200 gCal/h thermal power plant has started in the town of Sovetskaya Gavan in the Khabarovsk Territory, Russia's Far East. The power plant, estimated at 12.115 billion rubles is to come on stream in 2013.

**BFM, June 15, 2011**

### SUEK increases coal supplies to Japan due to Fukushima

Russia's SUEK (Siberian Coal Energy Company) has increased coal supplies by one million tonnes to Japan to help recoup the energy balance of that country after the Fukushima NPP accident, member of SUEK Board Anna Belova told the Russian Energy Ministry's conference on Tuesday. "Japan asked SUEK to increase coal supplies, which increased by one million tonnes to 3.5 million tonnes this year, as compared to 2.5 million tonnes in 2010," she said.

**PRIME TASS, June 14, 2011**

### Andrey Melnichenko appointed chairman of SUEK's board of directors

The co-owner of Siberian Coal Energy Company (SUEK) Andrey Melnichenko has been appointed chairman of the company's board of directors.

**TRUD, June 15, 2011**

### Mechel halts operations at Sibirginskaya coalmine

Russian mining and metals group Mechel has suspended operations at the Sibirginskaya coalmine in the Kemerovo Region due to the self heating of coal at one of the operating long walls, the company said Wednesday. The mine is operated by Mechel subsidiary Southern Kuzbass Coal Company. All miners were safely returned to the surface, Mechel said, adding that no carbon monoxide had been detected. Mechel plans to resume mining operations after completion of a project to liquidate the source of the self-heating.

**PRIME-TASS, June 15, 2011**

### Kuzbassrazrezugol posts 2011 operational results

In January-May 2011, Kuzbassrazrezugol produced 18.03 million tonnes of coal, including 2.26 million tonnes of coking coal. Kuzbassrazrezugol supplied 18.29 million tonnes of coal to customers, including 1.89 million tonnes delivered for coking and 9.87 million tonnes for export.

**PROFIL, June 16, 2011**

## NEWS IN BRIEF

### Energy Ministry has no plans to introduce steam coal export duty

Russia's Energy Ministry does not consider an opportunity for introducing an export duty for steam coal in the near future. "This idea is being studied in theory, but at present, the issue of introducing the export duty is not on the agenda," Energy Minister Sergei Shmatko told reporters on the sidelines of the St. Petersburg international economic forum on Friday.

**IZVESTIA, June 17, 2011**

### Power Machines to supply equipment for HPP in Argentina

Russian power engineering company Power Machines has concluded a contract to produce and supply equipment for the Punta Negra hydropower plant being built in Argentina, Power Machines said Wednesday. The value of the contract was not disclosed. Power Machines will produce and supply two hydro turbines, each with a capacity of 32 MW, and two generators. Power Machines is expected to complete equipment supplies in January-March 2013. The power plant is slated to be launched in late 2015.

**BUSINESS FM, June 15, 2011**

### Power Machines completes generators for Boguchanskaya HPP

Power Machines company has completed the last generator out of nine water-wheel generators ordered for the Boguchanskaya HPP in Krasnoyarsk (Siberia). The HPP is built by RusHydro and Rusal. Along with the generators of 333 MW each,

Power Machines Company is to manufacture and supply nine hydroelectric turbines to the HPP under its contract.

**INTEFAX, June 16, 2011**

### RusHydro, Voith Hydro to sign 1-billion euro equipment deal

Russia's largest hydro power generator RusHydro and Austria's Voith Hydro will sign a 1-billion euro deal to jointly produce hydro energy equipment on Friday, RusHydro official Boris Zverev said late on Thursday. "RusHydro's board of directors is yet to approve the deal. I think it will happen at one of its next meetings," Zverev said. He said the companies were considering two production sites, including one in the Saratov region in central Russia but there was no final decision yet.

**RIA NOVOSTI, June 17, 2011**

### Rosenergoatom takes part in ATOMEXPO-2011

Rosenergoatom Concern took part in the International Forum ATOMEXPO-2011, which was opened in Moscow on June 6, 2011. The International Congress was devoted to discussion of pressing questions of the further dynamical development of nuclear-power engineering became the central event of the Forum organised by State Corporation Rosatom.

**ROSBUSINESSCONSULTING, June 14, 2011**

### Dalur to invest over US\$58 million in Kurgan uranium deposits

Uranium mining company Dalur intends to invest over US\$58 million in development of its uranium deposits in Kurgan region in 2011-2012. The company's 2011

investment programme is reportedly to total about US\$29 million, and in 2012 its investment is to grow slightly. Dalur is developing deposits of the Zauralsky uranium-ore district - Dalmatovskoye, Khokhlovskoye and Dobrovolnoye. The group resources are estimated at over 18,000 tonnes of uranium. Dalur is a part of the uranium holding Amurredmetzoloto.

**RIA NOVOSTI, June 15, 2011**

### Russia preserves plans on scale construction of NPPs abroad

Russia's Vice-Prime Minister and Rosatom Supervisory Board Chairman Igor Shuvalov announced at the Atomexpo-2011 International Forum, "We consider the nuclear technologies to have a great future. Russian government invests enormous sources in the technologies. Of course we will make efforts to sale our power units in large amounts abroad and we will do that both by ourselves and in partnership with our foreign colleagues," he said.

**IZVESTIA, June 15, 2011**

### Russia could view opportunity of reactors of first generation

The base of international experts, which could give an objective estimation of stress tests on NPP safety, is also necessary to be created, Head of Rosatom Sergey Kirienko stated on Wednesday. Kirienko expressed himself for the "organisation of the pool of international experts, which could give an objective estimation of the tests' results. "Russia is ready to afford its sites for the work of such a pool and for tests conduction," Kirienko said.

**ECHO OF MOSCOW, June 15, 2011**

## NEWS IN BRIEF

### RF, Kazakhstan, Iran will discuss nuclear programme

Presidents of Russia, Kazakhstan and Iran, Dmitry Medvedev, Nursultan Nazarbayev and Mahmoud Ahmadinejad, will discuss Iran's nuclear programme, Russian Foreign Minister Sergei Lavrov said on Wednesday. "The tripartite meeting will focus on Iran's nuclear programme, the nuclear non-proliferation and the WMD non-proliferation," Lavrov said.

**ECHO OF MOSCOW, June 15, 2011**

### Ahmadinejad promises to talk about nuclear programme

Iranian President Mahmoud Ahmadinejad has promised his Russian counterpart Dmitry Medvedev to resume talks on Tehran's nuclear problem, Russian Foreign Minister Sergei Lavrov said on Wednesday. "During the meeting, Medvedev urged Ahmadinejad to maintain more constructive and transparent interaction with the IAEA on Iran's nuclear programme," Lavrov said. "The Iranian president took this positively. He confirmed that the Sextet mediators worked constructively to solve the problem. Ahmadinejad said he is ready to cooperate," the Russian minister said.

**PRIME TASS, June 15, 2011**

### Rosatom to build NPPs with new reactor as of 2013

Starting from 2013, Rosatom will be building nuclear power plants with a new reactor - VVER TOI, which will cut the costs of construction by 20% and reduce its duration, as follows from what was announced at the Ministry of Energy's conference by the head of the electric power division

at Rosatom, Boris Bochkaryov. "In 2013 there will be finalised an innovative project of a water-pressurised typical computerised reactor, which will slash the costs of building new nuclear power plants and reduce construction time," he said.

**KOMMERSANT, June 15, 2011**

### Tvel and Rosnano will create production of nanocoating

TVEL (Rosatom Fuel Company) and Rosnano are planning to create a production on the application of nanostructure coatings for the nuclear power industry. The projected company with 200-million rouble capital, from which Rosnano will invest 39% (78 million rubles) and 51% (102 million rubles) will be invested by A.A. Bocharov Academician All-Russian Research Institute of Inorganic Materials (VNIINM) and 10% (20 million rubles) by Plackart CJSC.

**PROFIL, June 15, 2011**

### Leningrad NPP launches third power unit after repair

The Leningrad NPP (LAES) has launched a third power unit with the capacity of 510 MW after its planned repairs. At present, all four power units are working, their capacity totalling 3,620 MW.

**IZVESTIA, June 16, 2011**

### Russia should scrap nuclear energy - poll

The majority of Russians (57%) believes the country should abandon nuclear energy and close nuclear power plants, according to a poll released on Thursday. The survey, conducted by the All-Russia Centre for the Study of Public Opinion on

June 11-12, showed that only 20% of respondents believe nuclear energy programmes should continue.

**RIA NOVOSTI, June 16, 2011**

### BNPS safety validated in practice - Rosatom

The safety of the future Baltic nuclear power station (BNPS) has been already validated in practice, Igor Konyshev, Head of the Rosatom state corporation's department for co-operation with the regions, said. "BNPS is the only latest-generation project realised practically. The Tianwan NPS in China, which is the prototype of the future BNPS, has been operating for three years now and is unanimously recognised by international experts as the safest one of all NPS of the country," Konyshev pointed out. He said a unique device - a reactor core melt trap - was introduced at that NPS for the first time.

**IZVESTIA, June 16, 2011**

### Environmentalists protest against boosting Kola NPP reactor

Environmentalists in Murmansk have called to abandon the planned experiment of boosting production at reactor No.4 at Kola Nuclear Power Plant to 107%. Nature and Youth, Bellona, Ekodialog and other NGOs claim the Environmental Impact Assessment (EIA) for the experiment is of low quality and that there is no need for more energy production in the Murmansk region for the time being. At a public hearing in Polyamye Zori last week Kola Nuclear Power Plant (Kola NPP) announced that it has received licence to start testing reactor No.4 at 107% capacity.

**MURMANSKI VESTNIK, June 16, 2011**

## NEWS IN BRIEF

### Rosatom to attract experts to assess facilities under construction

Rosatom intends to attract independent expert organisations to assess quality, timeframe and cost of nuclear power and industry facilities under construction. This decision was voiced at the first meeting of the Rosatom Transparency Enhancement Board. The Rosatom Transparency Enhancement Board has been established to follow Federal Law No.273-FZ of 25.12.2008 "On Countering Corruption," which is to implement a national anti-corruption strategy and solve tasks set forth for the state executive authorities as to improve the management system of procurement activities of state-run corporations.

**EXPERT, June 17, 2011**

### International meeting held at Novovoronezh NPP

On June 8-9, 2011 working meetings on the topics of "Strategies of Operational Organisations on Prolongation of Service Life of REA and EDF Nuclear Plants" and "Diagnostic Examinations and Maintenance of Underground Line Pipes and Communications" was held at Novovoronezh NPP in accordance with the Agreement of Collaboration between Rosenergoatom concern and Electricite de France (EDF).

**INTERFAX, June 17, 2011**

### Four safety systems to be used while building reactors at Khmelnytsky NPP

Russia's Atomenergoproekt, the general contractor for the construction

of the third and fourth nuclear reactors at Ukraine's Khmelnytsky Nuclear Power Plant (NPP), has said that at least four passive safety systems will be used in the reactor facilities. This eliminates the possibility of the consequences of an accident similar to that at the Fukushima-1 NPP in Japan, Deputy Director for Designing at Atomenergoproekt Mikhail Cherdantsev said.

**KOMPANIYA, June 17, 2011**

### Russia and Ukraine to establish joint nuclear fuel venture

A joint venture between Russia and Ukraine on nuclear fuel production will be established within the year, said Russia's TVEL Fuel Company Vice President Vasily Konstantinov. "I suppose the joint venture will be established this year", he said. "We want the project to be a long-term one, for at least 60 years", he added. An arrangement had been agreed between the Ukrainian State Concern Nuclear Fuel and TVEL in Kiev in January 2011. Ukraine has no nuclear fuel of its own which is necessary for its four operating NPPs, and it is planning to create a production centre.

**KOMANDA, June 20, 2011**

### RF, Australia agree on peace use of Australia's uranium in Russia

Russia and Australia have agreed on mechanisms that guarantee the peaceful use of Australia's uranium at Russian facilities. Head of Rosatom Sergei Kiriienko and Director General of Australian Safeguards and Non-Proliferation Office Robert Floyd exchanged letters on Monday. The letters form a memorandum of mutual understanding, which was drawn in compliance with Article 12

of the agreement between the RF and Australia on nuclear co-operation. The document describes terms of export of Australia's uranium and uranium material and its processing at Russia's enterprises.

**KOMMERSANT, June 20, 2011**

### Russia passes suggestions to IAEA - Kiriienko

Russia passing on suggestions regarding addendums to the nuclear safety and nuclear accident conventions, Head of Rosatom Sergei Kiriienko said on Monday. "At the order of Russia's president, we pass officially suggestions regarding addendums to the Convention on Nuclear Safety and to the Convention on Early Notification of a Nuclear Accident to the IAEA's director general as part of these conventions," he said. "We also pass our suggestions on improvement of the IAEA safety norms system and hope for support."

**ECHO OF MOSCOW, June 20, 2011**

### Russia to continue nuclear power development - Rosatom

The Head of Russia's nuclear power corporation Rosatom, Sergei Kiriienko, told the nuclear security conference in Vienna on Monday that, "It is every country's own business to take a decision on the development of domestic nuclear power. The position of Russia's authorities is absolutely unambiguous - we will continue to develop the nuclear power industry, of course, learning from Fukushima's lessons." The nuclear power industry "remains one of the most innovative and technological industries," he said.

**PRIME TASS, June 20, 2011**

## NEWS IN BRIEF

### Duma promises aid to energy efficient German companies

German companies engaged in the energy efficiency sector may hope for the assistance of the State Duma deputies in the setting up of contacts in Russia, State Duma Deputy Speaker and President of the Russian Gas Union Valery Yazev said during Tuesday's meeting with the German parliament's delegation. "The energy consumption of our Gross Domestic Product is roughly four to five times more than in Germany," he said.

**ROSBUSINESSCONSULTING, June 14, 2011**

### Camps of Tuva nomads to be equipped with solar panels

Next year, 400 nomads' camps in the Republic of Tuva will be equipped with mobile converters of solar energy into electricity, also known as solar batteries. This plan was declared during a meeting at the office of Republican Prime Minister Valentin Yendan earlier this month. Participants in the meeting discussed prospects for the implementation of a promising energy project for the needs of farmers - the Solar Nomads Tent.

**PRIME TASS, June 14, 2011**

### Russia planning to develop alternative energy sources

By 2015, renewable energy sources, excluding hydropower, will reach 2.5% of the Russia's power balance. By 2020, they will make up 4.5%. The economic potential of solar energy in the country is estimated at 12.5 million tonnes of conventional fuel. Russia is implementing several projects to develop alternative energy sources. Some of large-scale projects are to provide power supply to

Skolkovo innovation centre (Moscow region, Centre), a number of Sochi Olympic Venues (South), as well as the Smart House project in the Chuvash Republic (Volga) and RZD's retrofitting programme for railway stations. The state also considers building a 12.30 MW solar farm in Kislovodsk (North Caucasus).

**EXPERT, June 15, 2011**

### Russia and China to set up renewable energy JV

Inter RAO UES, the Russian Ministry of Energy and the National Bio Energy Co of China have signed an agreement on advancing co-operation in the sphere of renewable energy sources, innovations and energy efficiency. The parties intend to create a JV, Green Energy Corporation, before the end of 2011. Green Energy's activities will include building power plants that run on various types of biomass to generate thermal and electric energy, as well as biogas, reconstructing coal and oil-burning power plants with low indicators of energy and resource efficiency to integrate energy saving technologies and technologies of biomass-based fuel blends, creating plants to make briquet fuel pellets of peat, waste wood and other types of biomass.

**DELOVOI KVARTAL, June 17, 2011**

### RES makes less than 1% of power generation in northwest

Renewable energy sources (RES) account for less than 1% of power generation in Russia's northwest, experts said. The technical potential of the wind power in the region is estimated at 1.79 billion kWh per year. This is above the technical capacity of St. Petersburg, 1.50 billion kWh. Alternative energy projects are

implemented in the Murmansk and Arkhangelsk regions. By 2020, St. Petersburg is planning to up use of RES to 1-2% of the total power production, and to 4-6% of the thermal power production. Absence of a regulatory framework and a relatively higher cost against conventional power sources are among factors hindering development of the industry.

**VREMYA NOVOSTEI, June 20, 2011**

### DTEK appoints new HR Director

Aleksandr Kucherenko was appointed HR Director of DTEK. Mr Kucherenko has been working in the company since 2009, firstly holding the position of the Deputy HR Director and later - the Acting HR Director. Aleksandr Kucherenko is responsible for all processes related to managing human resources of the Company. DTEK is the largest privately owned, vertically integrated energy company in Ukraine, with efficient enterprises that mine and prepare coal as well as operate on electrical power generation and supply markets.

**KOMPANIYA, June 15, 2011**

### Chinese company ready to invest US\$400 million in Lviv coalmines

Chinese investors are ready to invest US\$400 million in the construction of several coalmines in Lviv region. President of Kitpred enterprise Dan Saosyu made this announcement at a meeting with Lviv Governor Mykhailo Tymaliuk. "We have serious intentions to build coalmines in the region, as we have been implementing several similar projects," the Chinese top manager said.

**INTERFAX-UKRAINE, June 15, 2011**

## NEWS IN BRIEF

### Coal production up 10.2% in five months

Ukrainian coalmining enterprises increased coal production by 10.2% (3.127 million tonnes) in January-May 2011 year-on-year, to 33.918 million tonnes, the Ukrainian Energy and Coal Industry Ministry has reported. The production of coking coal in the first five months of 2011 dropped by 5% (554,200 tonnes), to 10.572 million tonnes, whereas the production of power-generating coal grew by 18.7% (3.681 million tonnes), to 23.346 million tonnes.

**SEGODNYA, June 17, 2011**

### Nuclear regulation committee could be created in Ukraine

The Ukrainian cabinet is to consider at a cabinet meeting on Wednesday a draft law on a national commission for state regulation of safety in the nuclear energy sphere, according to Ukrainian Premier Mykola Azarov. He said that the commission would increase safety in the nuclear energy sphere and cut risks to people and the environment.

**URIADOVY KURIER, June 15, 2011**

### Energóatom to accept all comments in feasibility study for KhNPP reactors

A scientific and technical council at the National Nuclear Energy Generating Company Energóatom will take into account all remarks that may arise as a result of stress tests at nuclear power plants in Ukraine, in the feasibility study project to build reactors 3 and 4 of the Khmelnytsky nuclear power plant, said Volodymyr Bronnikov, the general manager at

Atomproektengineering, a separate division of NNEGCo Energóatom.

**KOMANDA, June 17, 2011**

### Turboatom to produce new condenser for Kalinin NPP

Ukraine's Turboatom has signed a contract to revamp a 1,000 MW turbine of the first power unit at the Russia's Kalinin NPP. Under the contract, the company will design, manufacture and supply the condenser and stainless steel pipe systems, install and commission it, conduct warranty tests and start-up of the equipment. The delivery is scheduled for June 2012.

**DELO, June 20, 2011**

### Investors: Chernobyl could power nation again, safely

Green energy companies and scientists want crops that can be used for biofuels to be grown on land in the 80-kilometre exclusion zone around the Chernobyl nuclear plant, site of the world's worst nuclear power disaster. They say that rapeseed and corn grown on the land near the closed plant can be converted into bioethanol, and that switchgrass can be burned to provide electricity in a sustainable way.

**UKRAYINSKI NOVYNY, June 16, 2011**

### Belarus starts paying off debt for Russian electricity

The Belarusian electrical company Belenergo transferred the first tranche to pay off the debt for the Russian electricity on 14 June, said the Russian company Inter RAO UES. The first payment made up one third of the total debt of 1.5 billion rubles. In 2011 Belarus intends to import 3

billion kWh of electricity in line with the contract Inter RAO UES has signed.

**BIRZHA INFORMATSII, June 15, 2011**

### Belarus plans to attract Indian investors to develop brown coal deposits

Opportunities for the participation of Indian companies in brown coal projects were discussed at a recent meeting between the Deputy Minister of Natural Resources and Environment of Belarus Vitaly Kulik and an Indian delegation led by Coal Minister Sriprakash Jaiswal. The meeting focused on the use of natural resources and the prospect of Indian investment in the development of brown coal deposits in Belarus. Special attention was paid to the project to construct a mining enterprise at the Lelchitsy brown coal deposit.

**BYELORUSSKAYA DELOVAYA GAZETA, June 20, 2011**

### Azerbaijan can become member of International Energy Agency

Azerbaijan has an opportunity to become a member of the International Energy Agency (IEA), an autonomous body of the Organisation for Economic Co-operation & Development (OECD). The agency's executive director Tanaka has claimed that IEA invites Russia and other key energy exporters to join the agency. "Producers and consumers of energy resources have common interests, and should make joint efforts to ensure energy security in the world and to combat climate change," Mr Tanaka said.

**ZERKALO, June 20, 2011**

## NEWS IN BRIEF

### PSRC approves Armenia's electrical networks investment programme

Armenia's Public Services Regulatory Commission (PSRC) has approved today the investment programme of the Electrical Networks of Armenia (ENA) power distribution company for 2011. The company plans to invest a total of 18.1 billion drams in upgrading the system, less than half than in 2010, when it spent 38.7 billion on modernisation projects.

**AIASTAN, June 16, 2011**

### Azerbaijani power export income doubles in May 2011

Azerbaijan has been a net exporter of electricity for three years and in May this year the country has more than doubled its export income. The State Customs Committee reports that according to its data 345.69 million kWh were exported for US\$18.5 million, including 134.08 million kWh for US\$9.385 million in May. Thus, for January-May 2011 the country exported power at the price of US\$0.0535 and in May at US\$0.07 per kWh.

**TURAN, June 20, 2011**

### Economic problems to occur while building new Armenian NPP

There will be a number of economic problems while constructing a new Armenian nuclear power plant (NPP), scheduled for 2012-2013, a Russian nuclear expert, who worked for 20 years in the nuclear field said. "The

second operating unit of the Armenian NPP must be closed until 2016," the expert said. "According to the decision of the G8, more stringent standards test must be established. They must apply to the Armenian NPP, and Russia supports the decision of G8." This decision was taken before the accident at "Fukushima-1," the first units of which were also old, he said. The Metsamor NPP was built in 1970.

**MEDIA DIALOGUE, June 17, 2011**

### Kazakhstan files application to host EXPO 2017 in Astana

Kazakhstan has filed an official application for hosting EXPO 2017 in Astana on June 10. The topic of the conference will be "Energy of the Future". According to IEB requirements, if selected to host the EXPO, Astana would need to get ready for arrival of no less than three million visitors in three months of the exhibition's work, Kazakhstan's Ministry of Economic Development said in a press release. The voting by 157 IEB member-states is to take place in December 2012.

**NOVOSTI, June 14, 2011**

### Turkmenistan and Russia hold science and innovation forum

The Turkmen-Russian Innovations, 'New Technologies and Energy Efficiency Issues' Forum added a new page to the history of co-operation between Turkmenistan and the Russian Federation in the spheres of science and technologies.

Turkmenistan paid paramount attention to applying best practices

and innovative solutions, including in such fields as energy efficiency, enhancement of competitiveness of Turkmen energy resources in the international markets, the use of alternative sources of energy of the sun, wind, thermal waters and biogases.

**TDH, June 15, 2011**

### Iran sends 120 tonne transformer to Tajikistan

Iran sent a transformer AN-124 weighing 120 tonnes by plane to Tajikistan to construct Sangtuda hydropower plant, Said Askari, spokesman for Farab company, which is involved in the construction of the hydropower plant, said. Plans to build a hydropower plant existed in Soviet times. But eventually, the Iranian power-engineering specialists assumed the construction of Sangtuda hydropower plant. The Iranian side has invested US\$216 million in the construction of the hydropower plant.

**PANORAMA, June 17, 2011**

### Kazakhstan to supply uranium pellets to China

Kazakhstan will supply uranium pellets to China this year. An agreement was reached at a Chinese delegation's meetings in Astana. "Following the visit an agreement was signed on strategic interaction in the nuclear industry between the Kazatomprom and the Chinese State Corporation of Nuclear Industry. Supply of fuel pellets from Kazakhstan to China will start in 2011," President Nursultan Nazarbayev said after the meeting.

**ALMATY NOVOSTI, June 14, 2011**

## TENDERS & CONTRACTS

PROJECT	Bosnia-Herzegovina Power Feasibility
<b>Project Sector</b>	Power
<b>Location</b>	CEE, Bosnia-Herzegovina, Tuzla Area
<b>Project Holder/Operator</b>	Elektroprivreda BiH
<b>Scope of work</b>	FS - Feasibility Study Contracts
<b>Current /Past Phase</b>	The project had received government and local authority approval
<b>Contract Value Estimate</b>	Over US\$785 million
<b>Start up Timing</b>	From 2010 - 2011
<b>Development Stage</b>	Operational Project
<b>Brief</b>	The project is associated with the development of Tuzla coal fired power complex
<b>Future &amp; Potential Sales Prospects</b>	EPC - Engineering, Procurement & Construction Contracts LSTK - Lump Sum Turnkey Contracts MC - Multi Contracts IPP - Independent Power Project Contracts O&M - Operations and Maintenance Contracts TC - Term Contracts

PROJECT	Poland Power Construction
<b>Project Sector</b>	Power
<b>Location</b>	CEE, Poland, Lodzkie Region
<b>Project Holder/Operator</b>	Elektrownia Belchatow SA
<b>Scope of work</b>	EPC - Engineering, Procurement & Construction Contracts
<b>Current /Past Phase</b>	Job contracts had been won
<b>Contract Value Estimate</b>	Over US\$1.2 billion
<b>Start up Timing</b>	From 2010 - 2011
<b>Development Stage</b>	Potential Project
<b>Brief</b>	The project is associated with the development of Belchatow II power and CCS station
<b>Future &amp; Potential Sales Prospects</b>	EPC - Engineering, Procurement & Construction Contracts LSTK - Lump Sum Turnkey Contracts MC - Multi Contracts IPP - Independent Power Project Contracts O&M - Operations and Maintenance Contracts TC - Term Contracts

PROJECT	Russia Power Project
<b>Project Sector</b>	Power
<b>Location</b>	FSU, Russia, Sverdlovsk Region
<b>Project Holder/Operator</b>	Alstom / UMMC - Ural Mining and Metallurgical Company
<b>Scope of work</b>	EPC - Engineering, Procurement & Construction Contracts
<b>Current /Past Phase</b>	Memorandum of Understanding had been signed
<b>Contract Value Estimate</b>	Over US\$1.5 billion
<b>Start up Timing</b>	From 2010 - 2011
<b>Development Stage</b>	Operational Project
<b>Brief</b>	The project is associated with the development of Sverdlovsk coal fired power complex
<b>Future &amp; Potential Sales Prospects</b>	LSTK - Lump Sum Turnkey Contracts MC - Multi Contracts IPP - Independent Power Project Contracts O&M - Operations and Maintenance Contracts TC - Term Contracts

## TENDERS & CONTRACTS

PROJECT	Turkey Power Development
<b>Project Sector</b>	Power
<b>Location</b>	CEE, Turkey, Kutahya Region
<b>Project Holder/Operator</b>	Turkiye Komur Isletmesi
<b>Scope of work</b>	BOO - Build Own Operate Contracts
<b>Current /Past Phase</b>	The project had been on the tendering and bidding stages
<b>Contract Value Estimate</b>	Over US\$480 million
<b>Start up Timing</b>	From 2010
<b>Development Stage</b>	Operational Project
<b>Brief</b>	The project is associated with the development of Kutahya-Derin power station
<b>Future &amp; Potential Sales Prospects</b>	LSTK - Lump Sum Turnkey Contracts O&M - Operations and Maintenance Contracts TC - Term Contracts FC - Framework Contracts MC - Multi Contracts

PROJECT	Uzbekistan Power Feasibility
<b>Project Sector</b>	Power
<b>Location</b>	FSU, Uzbekistan, Tashkent Area
<b>Project Holder/Operator</b>	Uzbekistan Government
<b>Scope of work</b>	FS - Feasibility Study Contracts
<b>Current /Past Phase</b>	The project has been on a planning phase
<b>Contract Value Estimate</b>	Over US\$465 million
<b>Start up Timing</b>	From 2011 - 2012
<b>Development Stage</b>	Operational Project
<b>Brief</b>	The project is associated with the development of Novo-Angren power station and the Angren strip mine retrofit
<b>Future &amp; Potential Sales Prospects</b>	EPC - Engineering, Procurement & Construction Contracts LSTK - Lump Sum Turnkey Contracts MC - Multi Contracts IPP - Independent Power Project Contracts O&M - Operations and Maintenance Contracts TC - Term Contracts

PROJECT	Armenia Power Project
<b>Project Sector</b>	Power
<b>Location</b>	FSU, Armenia, Erevan Region
<b>Project Holder/Operator</b>	Armenia Government
<b>Scope of work</b>	EPC - Engineering, Procurement & Construction Contracts
<b>Current /Past Phase</b>	Job contracts had been won
<b>Contract Value Estimate</b>	Over US\$200 million
<b>Start up Timing</b>	From 2010 - 2011
<b>Development Stage</b>	Operational Project
<b>Brief</b>	The project is associated with the development of Sverdlovsk coal fired power complex
<b>Future &amp; Potential Sales Prospects</b>	LSTK - Lump Sum Turnkey Contracts MC - Multi Contracts IPP - Independent Power Project Contracts O&M - Operations and Maintenance Contracts TC - Term Contracts

## TENDERS & CONTRACTS

PROJECT	Hungary Combined Cycle Power Feasibility
<b>Project Sector</b>	Power
<b>Location</b>	CEE, Hungary, Budapest Area
<b>Project Holder/Operator</b>	MVM - Hungarian Power Companies Ltd.
<b>Scope of work</b>	FS - Feasibility Study Contracts
<b>Current /Past Phase</b>	The project has been on a planning phase
<b>Contract Value Estimate</b>	Over US\$90 million
<b>Start up Timing</b>	From 2010
<b>Development Stage</b>	Operational Project
<b>Brief</b>	The project is associated with the development of Bakonyi CCGT complex
<b>Future &amp; Potential Sales Prospects</b>	EPC - Engineering, Procurement & Construction Contracts LSTK - Lump Sum Turnkey Contracts MC - Multi Contracts IPP - Independent Power Project Contracts O&M - Operations and Maintenance Contracts TC - Term Contracts

PROJECT	Latvia Power Reconstruction
<b>Project Sector</b>	Power
<b>Location</b>	FSU, Latvia, Riga Region
<b>Project Holder/Operator</b>	Latvenergo
<b>Scope of work</b>	EPC - Engineering, Procurement & Construction Contracts
<b>Current /Past Phase</b>	Project had been on the completion phase
<b>Contract Value Estimate</b>	Over US\$100 million
<b>Start up Timing</b>	From 2010
<b>Development Stage</b>	Operational Project
<b>Brief</b>	The project is associated with the reconstruction of Latvia CCGT station
<b>Future &amp; Potential Sales Prospects</b>	LSTK - Lump Sum Turnkey Contracts MC - Multi Contracts IPP - Independent Power Project Contracts O&M - Operations and Maintenance Contracts TC - Term Contracts

PROJECT	Lithuania Power Reconstruction
<b>Project Sector</b>	Power
<b>Location</b>	FSU, Lithuania, Vilnius Region
<b>Project Holder/Operator</b>	Lietuvos Elektrine
<b>Scope of work</b>	EPC - Engineering, Procurement & Construction Contracts
<b>Current /Past Phase</b>	Job contracts had been won
<b>Contract Value Estimate</b>	Over US\$320 million
<b>Start up Timing</b>	From 2012 - 2013
<b>Development Stage</b>	Operational Project
<b>Brief</b>	The project is associated with the reconstruction of Elektranai CCGT station
<b>Future &amp; Potential Sales Prospects</b>	LSTK - Lump Sum Turnkey Contracts MC - Multi Contracts IPP - Independent Power Project Contracts O&M - Operations and Maintenance Contracts TC - Term Contracts

## TENDERS & CONTRACTS

PROJECT	Russia CCGT Power Feasibility
<b>Project Sector</b>	Power
<b>Location</b>	FSU, Russia, Perm Region
<b>Project Holder/Operator</b>	TGK-9
<b>Scope of work</b>	FS - Feasibility Study Contracts
<b>Current /Past Phase</b>	The project has been on a planning phase
<b>Contract Value Estimate</b>	Over US\$445 million
<b>Start up Timing</b>	From 2010
<b>Development Stage</b>	Operational Project
<b>Brief</b>	The project is associated with the development of Novo-Bereznikovskaya CCGT power station
<b>Future &amp; Potential Sales Prospects</b>	EPC - Engineering, Procurement & Construction Contracts LSTK - Lump Sum Turnkey Contracts MC - Multi Contracts IPP - Independent Power Project Contracts O&M - Operations and Maintenance Contracts TC - Term Contracts

PROJECT	Bulgaria CHP Upgrade
<b>Project Sector</b>	Power
<b>Location</b>	CEE, Bulgaria, Valle del Cauca Region
<b>Project Holder/Operator</b>	Solvay
<b>Scope of work</b>	EPC - Engineering, Procurement & Construction Contracts
<b>Current /Past Phase</b>	The project has been on a planning phase
<b>Contract Value Estimate</b>	Over US\$90 million
<b>Start up Timing</b>	From 2010
<b>Development Stage</b>	Potential Project
<b>Brief</b>	The project is associated with the upgrade Deven CHP unit
<b>Future &amp; Potential Sales Prospects</b>	LSTK - Lump Sum Turnkey Contracts O&M - Operations and Maintenance Contracts TC - Term Contracts FC - Framework Contracts MC - Multi Contracts

PROJECT	Russia Power Project
<b>Project Sector</b>	Power
<b>Location</b>	FSU, Russia, Voronezh Region
<b>Project Holder/Operator</b>	TGK-4
<b>Scope of work</b>	EPC - Engineering, Procurement & Construction Contracts
<b>Current /Past Phase</b>	Job contracts had been won
<b>Contract Value Estimate</b>	Over US\$135 million
<b>Start up Timing</b>	From 2010
<b>Development Stage</b>	Operational Project
<b>Brief</b>	The project is associated with the development and upgrade of Voronezh CHP station
<b>Future &amp; Potential Sales Prospects</b>	LSTK - Lump Sum Turnkey Contracts MC - Multi Contracts IPP - Independent Power Project Contracts O&M - Operations and Maintenance Contracts TC - Term Contracts

# NEWSBASE INFORMATION

## HEADLINES FROM A SELECTION OF NEWSBASE MONITORS THIS WEEK

### Oil and Gas Sector

#### AsianOil

ConocoPhillips has followed Chevron and signed a gas production-sharing contract in Bangladesh.

#### ChinaOil

The IEA has said China could expand its refining capacity by 33% by 2016.

#### FSU OGM

Gazprom says it will allow third parties to use the Nord Stream gas pipeline.

#### MEOG

Saudi Aramco has issued three new tenders to carry out more frontier seismic work.

#### NorthAmOil

Goodrich has bought a stake in the Tuscaloosa Marine shale, but there are concerns over production rates.

### Power Sector

#### AsiaElec

Westinghouse Electric has signed a deal to develop Bulgaria's Kozlodui NPP.

#### GCEM

Following Austria's decision to ban the commercial use of CCS, it could soon be forbidden in several German states.

### Renewable Energy Sector

#### REM

China is planning a US\$100 million initiative to build solar power projects in 40 African countries.

## CUSTOMERS INCLUDE



For further details on the stories above and NewsBase's entire product range:

tel: +44 (0) 131 478 7000 e-mail: [news@newsbase.com](mailto:news@newsbase.com)