The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Gazprom to Consolidate, Float Power Assets

By The Moscow Times

September 06, 2010



Gazprom said Monday that it planned to combine its numerous electricity holdings under a single entity that it would float on the stock market.

Combining the assets, some of them large electricity providers, would create Russia's second-biggest power producer after state-controlled RusHydro, Renaissance Capital analyst Vladimir Sklyar said.

The consolidation would be done under GazpromEnergoHolding, Gazprom's power division, the group said Monday during an investor presentation.

Through its four power-generating companies, Gazprom produces 17 percent of all the electricity in Russia, and it plans to boost their combined capacity by 8.8 gigawatts by 2020 at a cost of 365.5 billion rubles ($12.6 billion).

"A united Gazprom could generate synergies — it would have greater negotiating power over fuel suppliers, reduce administrative costs and could overlook a combined capital expenditure program," Sklyar said.

After Russia's recent sweeping reforms of the power sector, Gazprom emerged as majority owner of Mosenergo and regional power firm TGK-1, which serves St. Petersburg and the surrounding region.

The company also owns two other power generators — OGK-2 and OGK-6 — and has minority stakes in grid companies FSK and MRSK Holding as well as 8.5 percent in state power trader Inter RAO.

Sklyar said an initial public offering of the holdings could be attractive to private investors keen to take advantage of the liberalized wholesale gas market and Mosenergo's new capacity.

"Funds from the IPO would be needed to fill financial holes in the balance sheets at OGK-2 and TGK-1 and meet all capital expenditure obligations before 2015-16," he said.

Gazprom gave no details about the planned IPO but said GazpromEnergoHolding has chosen consulting companies that would advise on the company's strategy until 2020, and the board should make a strategic decision on the company's plans in December.

In a Reuters interview earlier this year, GazpromEnergoHolding chief Denis Fyodorov said Gazprom planned to swap power assets with investors, including Finland's Fortum.

Gazprom also said Monday that it expected Mosenergo's first-half revenue to grow to 74 billion rubles from 59.7 billion a year earlier.

Mosenergo is 21 percent owned by the city of Moscow.

Original url:
https://www.themoscowtimes.com/2010/09/06/gazprom-to-consolidate-float-power-assets-a1203