

France's Alstom Signs \$675M Turbine Joint Venture

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RusHydro and France's Alstom signed a deal Friday to build a 500 million euro (\$677 million) turbine plant in the republic of Bashkortostan.

The two companies will finalize the joint venture before the end of February, the companies' chief executives said Friday.

RusHydro chief Yevgeny Dodd and Alstom head Phillipe Cochet inked the deal at a ceremony attended by President Dmitry Medvedev in the Bashkir capital of Ufa.

"Final conditions of the partnership will be agreed by the end of February," Dodd told reporters Friday.

Neither Dodd nor Cochet was prepared to reveal who would take the controlling stake in the new firm; asked by reporters about financing they responded that "each will finance his

stake."

The two sides did not reveal any other financial details of the project.

"The factory will be oriented to the production of hydroelectric equipment for small hydro plants with a capacity of up to 25 megawatts, and also automatic control and complex security systems," RusHydro said in a statement.

Eventually, the plant will produce parts for 100 megawatt and 150 megawatt stations, according to the company's statement.

Construction work will begin in April 2011, and the plant will begin production in 2013, the two companies said. The first items off the line will be two turbine units for the Kubanskiye Cascade, a series of nine hydro electric stations on the Kuban river in the Karachayevo-Cherkessia republic and Stavropol region.

Alstom signed a deal to upgrade the Kubanskiye Cascade plants in December during a visit to Russia by French Prime Minister Francois Fillon.

The new plant will eventually turn out 12 sets of equipment for the Kubanskiye Cascade, Interfax reported.

Alstom, which regards itself a global leader in power generation and transmission and rail infrastructure, will bring cash, technology and know-how to the new venture, Cochet said.

Dodd said he believed that the management side of the business should be run by Alstom, "because they are builders — we have more operators and marketers."

The two sides eventually hope to sell production from the new plant to customers across the former Soviet Union.

Alstom has been actively expanding its operations in Russia. At the same time it signed its strategic agreement with RusHydro in December, the company reached an agreement to upgrade power stations belonging to Mosenergo, as well.

Alstom's joint venture, Alstom-Atomenergomash, agreed with Rosatom to produce nuclear turbines.

In the field of electricity transmission, Alstom Grid and FSK, the federal operator of the country's unified electrical grid system, signed an agreement to establish a joint research project in the Skolkovo technology zone outside Moscow, focusing on a variety of tasks intended to increase the efficiency, reliability and security of electrical grids.

RusHydro characterized the latest Alstom deal as a pilot project for a future "industrial technopark" in Bashkortostan that the energy company has agreed to build with the republic's government.

Dodd also signed a deal Friday with Bashkir President Rustem Khamitov to set up a 67-hectare industrial and technology park to give the republic's small and medium-sized businesses a boost.

Medvedev told Khamitov to boost employment in the region, at a meeting earlier in the day.

The new park will include production, business and service sectors, and a "small business incubator" where new ventures will receive tax perks.

The goal of the park is to create 10,000 jobs, RusHydro's press release said.

The renewable energy giant and the republic's government have also agreed to establish a multibillion-ruble energy efficiency fund.

The new fund will start with 2 billion rubles (\$68.2 million), later increasing to 4 billion rubles, Interfax reported.

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