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Electricity Hike Could Exceed Gas

By The Moscow Times

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The government could allow the Federal Grid Company to raise its electricity transmission rates by up to 20 percent in July next year, Federal Tariffs Service chief Sergei Novikov said Wednesday.

Such an increase, which is likely to affect retail prices, could be the biggest jump in regulated rates next year. Gazprom holds the lead so far with permission to charge 15 percent more for natural gas come July.

Russia will consume 1.05 trillion kilowatt hours of electricity next year, Novikov predicted. That would be 2.3 percent more than the level of consumption expected this year.

Novikov also said his agency would submit price regulation proposals for the electricity market to the Cabinet in the next few days.

The government began revising its electricity tariff policy earlier this year after prices in many regions rose more than the expected 15 percent.

Changes in regulating the electricity market will keep coming in the foreseeable future, Novikov warned.

“Any reform is not an action but activity that lasts constantly,” he said at a news conference.

In another effort to contain prices, the government will push regional grid companies to lower their investment plans if possible. As a result of reduced spending, the companies would not have to pass as many costs on to consumers through price increases, he said.

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