

Power Generator InterRao Selling Stake in Italy's Enel

By [The Moscow Times](#)

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InterRao has agreed to sell its minority stake in Italian-controlled power generator Enel OGK -5 to a private-equity investor group in a deal worth up to \$750 million, the parties said late last week.

The buyer group comprises Xenon Capital Partners' Rusenergo Fund, the Macquarie Renaissance Infrastructure Fund and the state-backed Russian Direct Investment Fund , or RDIF, co-investing in its second deal since its creation last year.

The sale would rid state-controlled InterRao of the unwanted 26.4 percent stake in OGK-5 it received from the Russian state via a capital hike last year and raise cash for investment in its Russian generating assets.

"InterRao is strictly following its strategy to 2015, and the deal to sell the blocking stake in Enel OGK -5 is in line with our asset management plans," chief executive Boris Kovalchuk

said in a joint statement.

The transaction comprises a payment of \$625 million on closing, with further potential upside of up to \$125 million if a target for internal rates of return of 18 percent were exceeded, according to a joint statement.

InterRao will also receive a carried interest of 20 percent of the profits earned by the investment consortium.

Italy 's Enel, which acquired a 56.4 percent stake in OGK-5 as part of reforms to break up Russia 's Soviet-era power monopoly, was not a party to the transaction.

"Enel OGK -5 is a quality asset with low debts and a world-class partner in the form of Enel," said Natasha Tsukanova, previously JPMorgan's top investment banker in Russia , who founded energy investment boutique Xenon in 2009.

The deal marks something of a coup for RDIF, which will co-invest up to \$10 billion over the next five years in a bid to promote private-equity deals and lift investment rates in Russia that are around half of faster-growing China 's.

Power-sector stocks in Russia have been hit by regulatory changes and delays in hikes in power tariffs widely seen as a sop to voters ahead of the presidential election this Sunday that Prime Minister Vladimir Putin is poised to win.

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