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Rosneftegaz Transfers $1.6Bln for RusHydro Recapitalization

By The Moscow Times

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Rosneftegaz, the state holding company that owns the government's stakes in Gazprom and Rosneft, transferred 50.2 billion rubles ($1.6 billion) into the government's coffers last week, which will be used to recapitalize hydropower monopoly RusHydro.

The decision to relinquish the money is the latest twist in a high-profile turf war between the president of both Rosneft and Rosneftegaz, Igor Sechin, and Deputy Prime Minister Arkady Dvorkovich.

The transfer occurred Dec. 5 but wasn't made public by Rosneft until Friday, RIA-Novosti reported. Rosneftegaz, which holds a 75 percent stake in Rosneft and 11 percent of Gazprom, accumulated the money through dividend payments from its energy properties.

RusHydro will use the capital injection to finance construction projects in the Far East. President Vladimir Putin signed the decree on RusHydro's recapitalization on Nov. 22,

specifically identifying power plants in Sovetskaya Gavan, Sakhalin, Yakutsk and Blagoveshchensk as places where it will be used.

Sechin, a longtime associate of Putin, originally suggested that Rosneftegaz be used as a vehicle to consolidate the power industry, and he was openly opposed to a direct allocation to a recapitalization of RusHydro.

But Dvorkovich is hoping that the tranche of money from Rosneftegaz will not be the last.

The minister suggested last week that 150 billion rubles, which Rosneftegaz will receive after Rosneft's sale of a 5.66 percent stake to international oil major BP, be transferred to the federal budget, Vedomosti reported.

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