

TGK-2 Gets \$400M from Chinese Bank

By [The Moscow Times](#)

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Electricity utility TGK-2 and its Chinese partner on Tuesday secured a \$400 million Chinese loan to build a power plant in Yaroslavl, the Russian company said.

The loan comes from the Industrial and Commercial Bank of China.

TGK-2 and China's Huadian Corp. are building a 450-megawatt power plant at a cost of 20 billion rubles (\$662 million).

The partners will use their own money to provide the remaining funds.

Huadian holds 51 percent in the joint venture to build the gas-fired power plant. The companies agreed to the joint venture during President Dmitry Medvedev's visit to China in September 2010.

A city of 600,000, Yaroslavl is a large industrial center 250 kilometers northeast of Moscow.

TGK-2, part of Sintez Group, is a heat and power utility that operates in six regions across

the north of European Russia. About half its revenue comes from regulated monopolistic heat sales.

Ratings agency Fitch withdrew the company's ratings last month because the utility decided to stop participating in the rating process, Interfax reported.

In May, Fitch said it had downgraded TGK-2 to CC, saying it reflected the utility's weak cash generation and liquidity.

"TGK-2's ratings are also constrained by weak corporate governance when compared to international standards," Fitch said in a statement.

TGK-2 owns 15 combined plants.

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