

Inter RAO Seeking to Acquire Nordic Assets

By [The Moscow Times](#)

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State-controlled power group Inter RAO is on the lookout to acquire assets in the Nordic States as it seeks to expand into a key export market, a board member said in an interview.

Inter RAO is a monopoly electricity exporter out of Russia, trading at the Scandinavian Nord Pool energy market, in the Baltic States and in Turkey via its units RAO Nordic, Inter RAO Lietuva and TGR Enerji.

Foreign generation accounts for about 18 percent of Inter RAO's total capacity of 33.5 gigawatts and is located in Armenia, Georgia, Kazakhstan, Lithuania, Moldova and Turkey.

"We are now seriously studying expansion possibilities in Scandinavia... Firstly, in Finland. The second are opportunities for our company in Sweden," said Ilnar Mirsiyapov, a member of Inter RAO's board and head of strategy.

He declined to give details but a source with the company said Inter RAO was looking at both generation and distribution assets.

Finland is a key export market for Inter RAO and used to account for about 40 percent of its foreign sales. But supplies to Finland dropped to about 20 percent of Inter RAO's total last year to 3.8 billion kilowatts an hour as cheaper hydroelectric power took market share.

Mirsiyapov said he hoped total export volumes would remain at 2012 levels of 18.4 billion kilowatts an hour this year or slightly higher.

Inter RAO, which was planning a secondary share offering, or SPO, from \$1.5 billion to \$2 billion to fund its internal and international expansion, has postponed a deal for at least 2 to 3 years, he said.

"An SPO is needed when the company is seeking funds for further development. ... As of now, we do not have approved investment projects that require such money," Mirsiyapov said. He added that the company was still considering London for an SPO.

Inter RAO, Russia's third largest power firm by capacity, was planning to place shares between 2012-14, also to fund its international expansion.

It planned to increase foreign generation capacity to 10 gigawatts by 2015 but scrapped the plans a year ago to focus on the markets it is already in.

Inter RAO is majority-controlled by the state, with 13 percent owned by Norilsk Nickel, about 14 percent belonging to Inter RAO's own unit while 18 percent is held by minorities, including the free float.

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