

# **GAS SUPPLY TO DOMESTIC MARKET. EXECUTING RUSSIAN REGIONS GASIFICATION PROGRAM**

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In 2012 Gazprom Group delivered **249.7\*** billion m<sup>3</sup> of gas to Russian consumers – 5.9% less than in 2011 (265.3 billion m<sup>3</sup>)

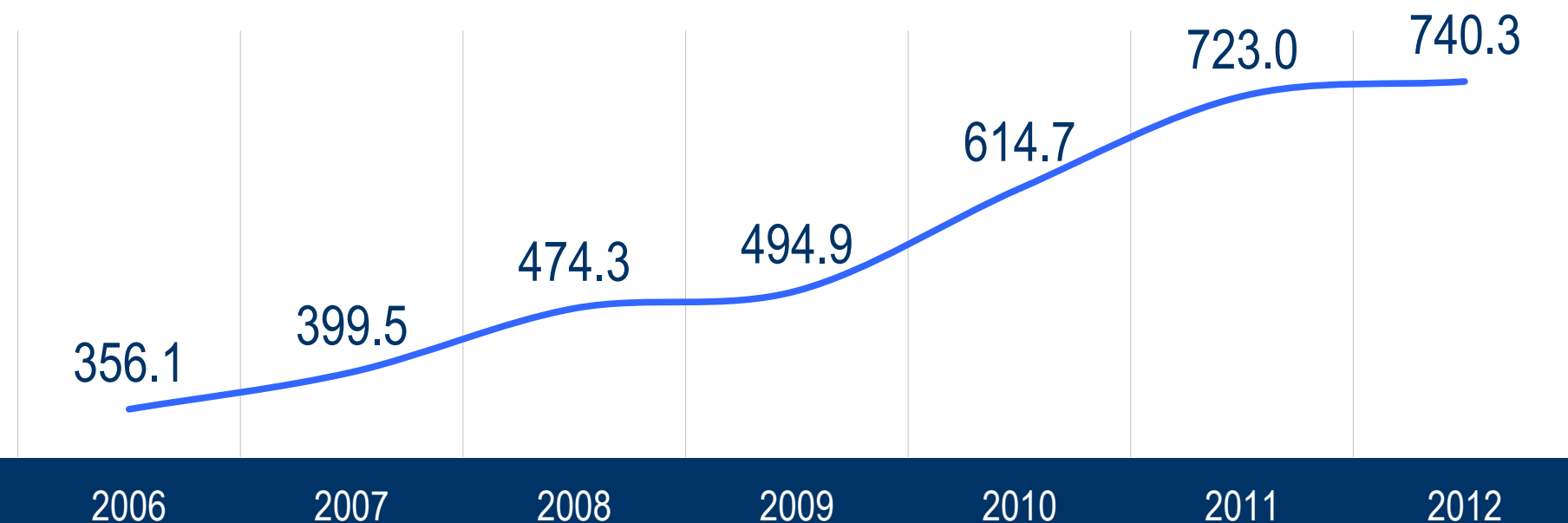


- Power industry - 27.6%
- Population - 20.7%
- Utility sector - 15.7%
- Agrochemistry - 7.5%
- Metallurgy - 5.3%
- Cement industry - 2,5%
- Miscellaneous - 20.7%

\* – excluding intra-Group sales

Gazprom Group's proceeds from gas sales in Russia grew by 2.4% to RUB **740.3** billion (net of VAT and excise duty) versus 2011

RUB billion



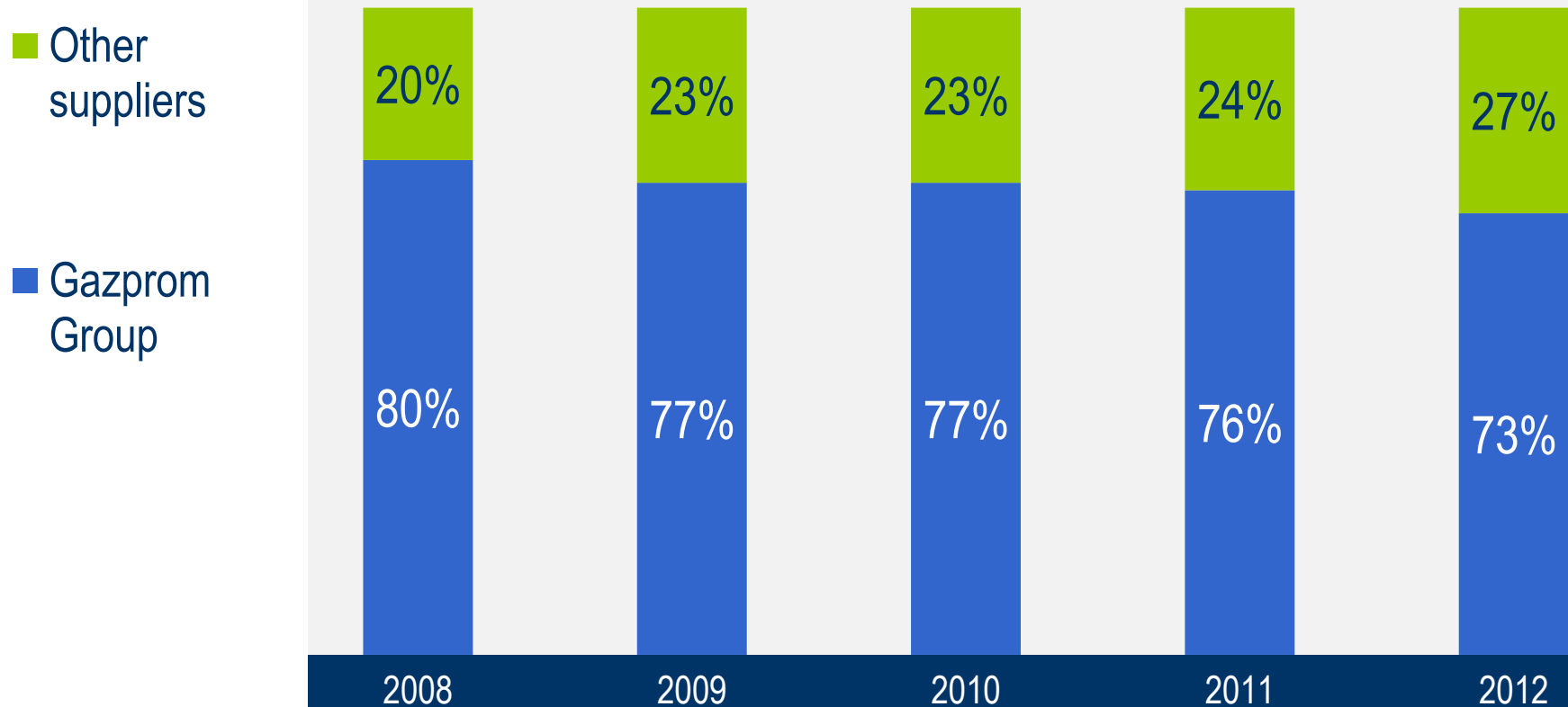
# Gazprom Group's Gas Sales Price

In 2012 average gas sales price in domestic market rose by RUB 238.8 to RUB **2,964.2** per 1,000 m<sup>3</sup> (net of VAT and excise duty) versus 2011

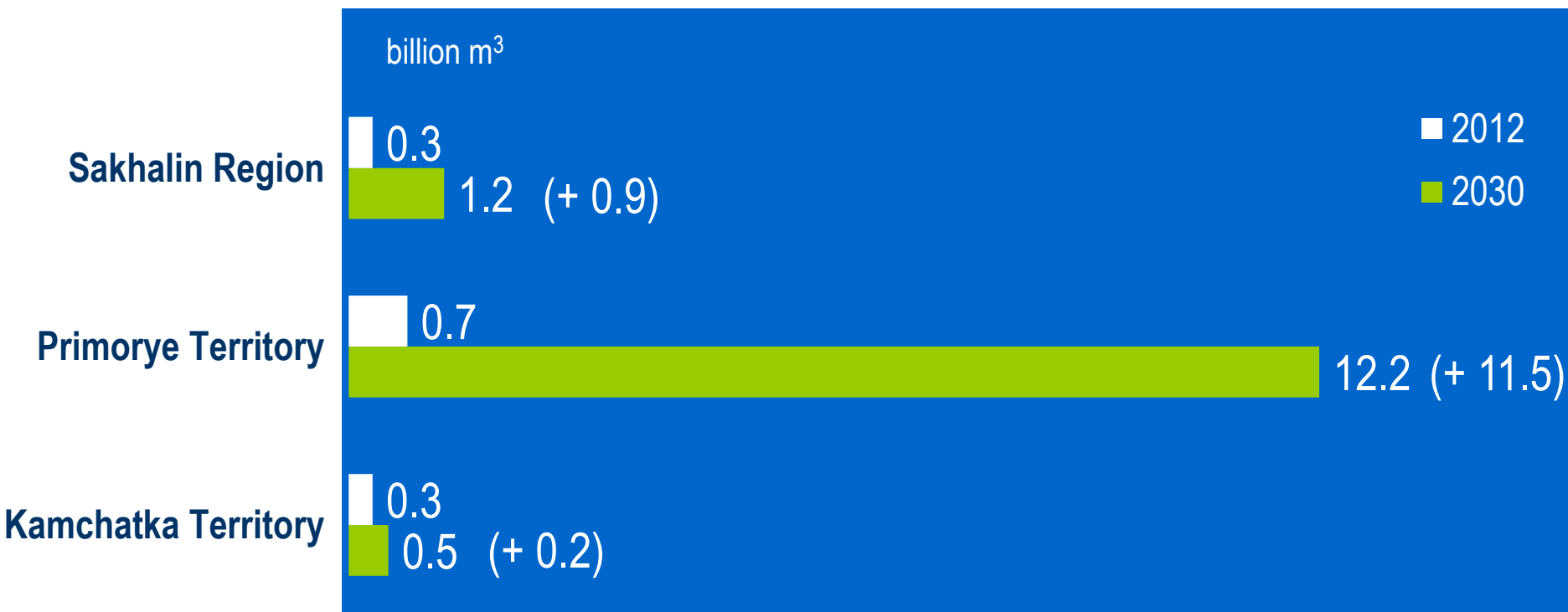
RUB/1,000 m<sup>3</sup>



In 2012 Gazprom Group's share in domestic market made up **73.1%**



By 2030 total gas consumption in Khabarovsk, Kamchatka and Primorye Territories, Sakhalin, Amur and Jewish Autonomous Regions as well as southern regions of Republic of Sakha (Yakutia) may amount to 22.5 billion m<sup>3</sup> per year



In 2012 Gazprom Mezhrefiongaz Group sold 291.2 billion m<sup>3</sup> of Gazprom and other suppliers' gas, which is 5.1% less as compared to 2011 level

— Proceeds  
from gas sales to  
ultimate consumers  
at wholesale prices

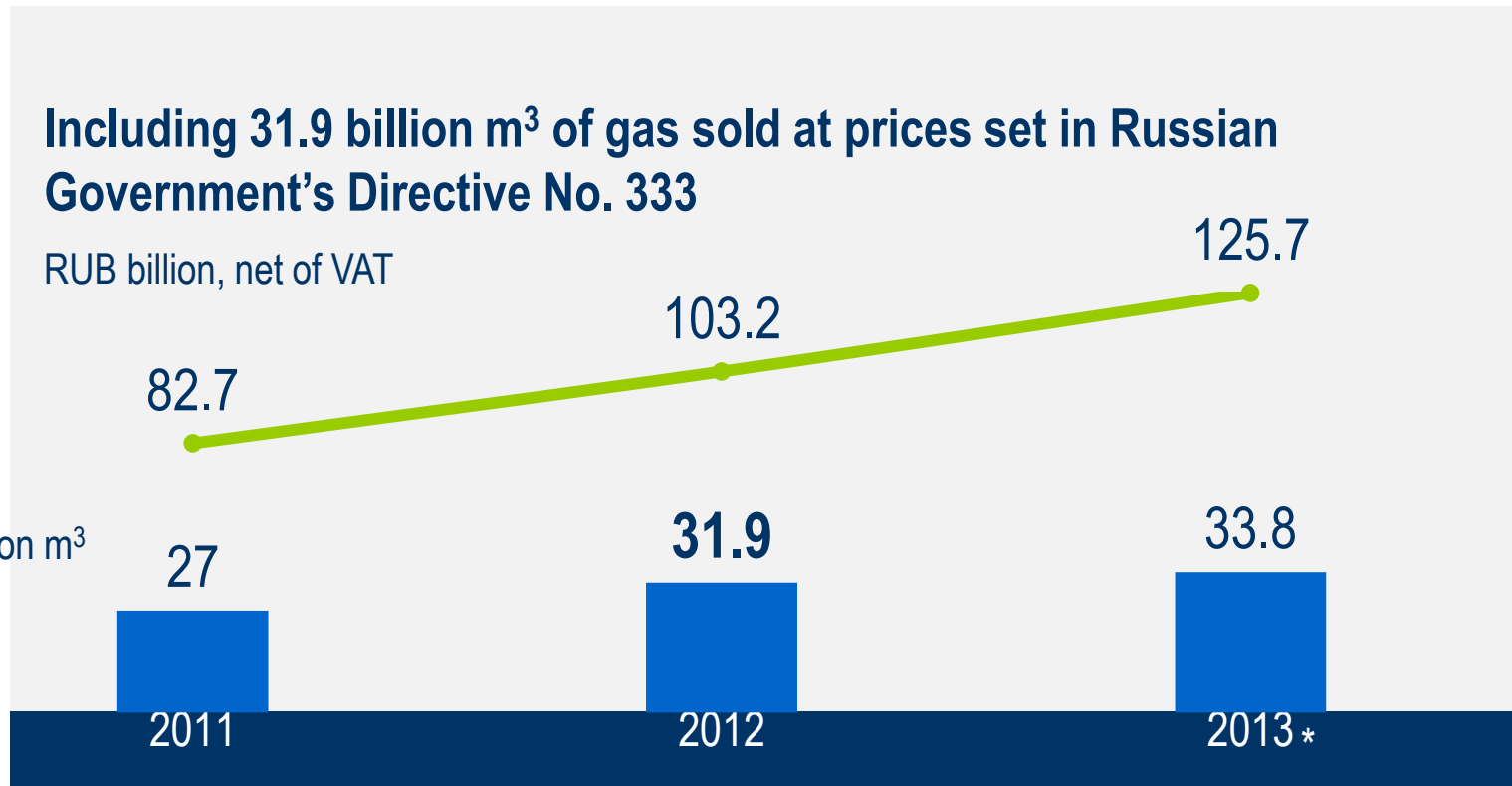
■ Gas volumes

billion m<sup>3</sup>

\* – 2013 target  
(in case of 15% price  
increase by July 01, 2013)

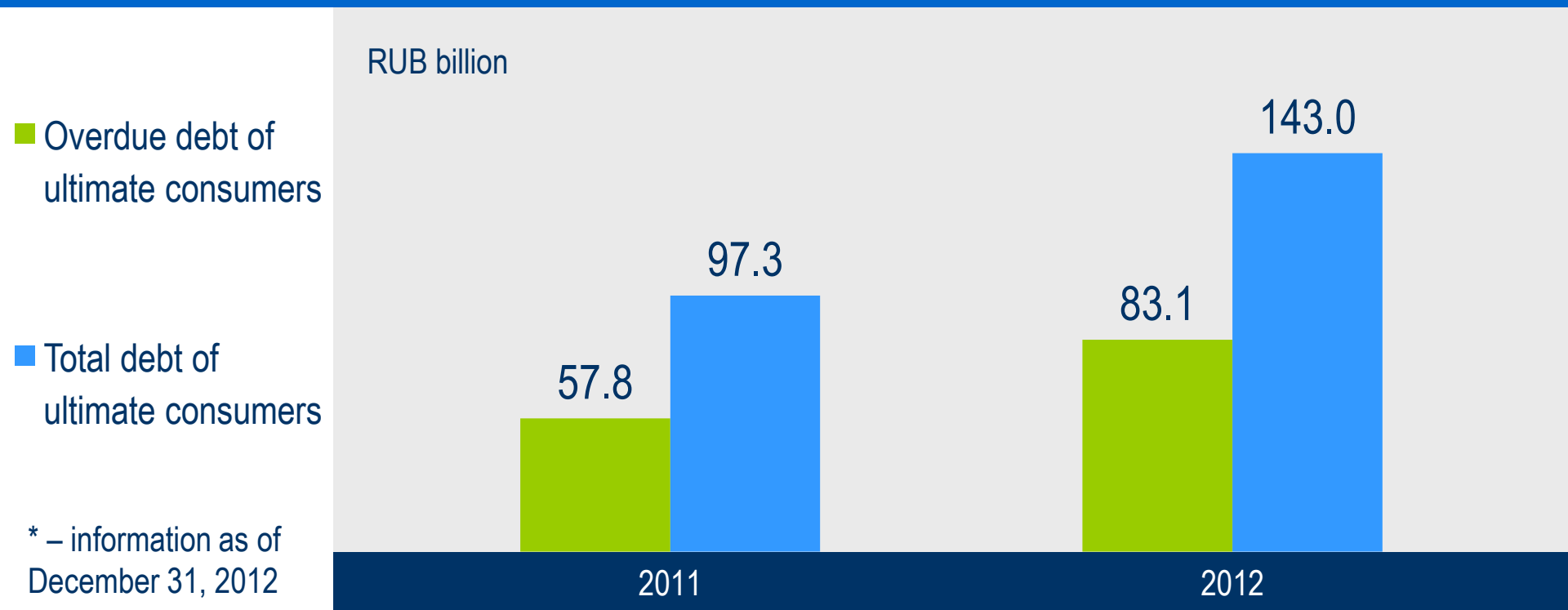
**Including 31.9 billion m<sup>3</sup> of gas sold at prices set in Russian Government's Directive No. 333**

RUB billion, net of VAT



# Growing Debt to Gazprom Mezhrefiongaz Group for Gas Supplied\*

In 2012 total debt of ultimate consumers to Gazprom Mezhrefiongaz Group grew by **47%**, total overdue debt – by **44%** versus 2011





**In 2012 Gazprom Mezhrefiongaz Group delivered 82.9 billion m<sup>3</sup> of gas to socially significant consumer groups (85.5\* billion m<sup>3</sup> in 2011)**

- Total payments by socially significant consumer groups in 2012 – 91.7% (in 2011 – 93.8%)
- Payments by utility companies in 2012 decreased to 88% (in 2011 – 95%)

\* – exclusive of organizations partially operating as utility companies

## Regions with significantly deteriorated payment level

	Payment Level, %	Change Compared to 2011, %		Payment Level, %	Change Compared to 2011, %
Bryansk Region	55.1	- 42.1	Vladimir Region	77.8	- 11.0
Penza Region	66.2	- 21.6	Arkhangelsk Region	92.8	- 7.9
Tver Region	77.1	- 18.2	Moscow Region	88.3	- 6.4
Novgorod Region	74.0	- 18.0	Volgograd Region	81.6	- 3.4
Astrakhan Region	71.6	- 11.9			

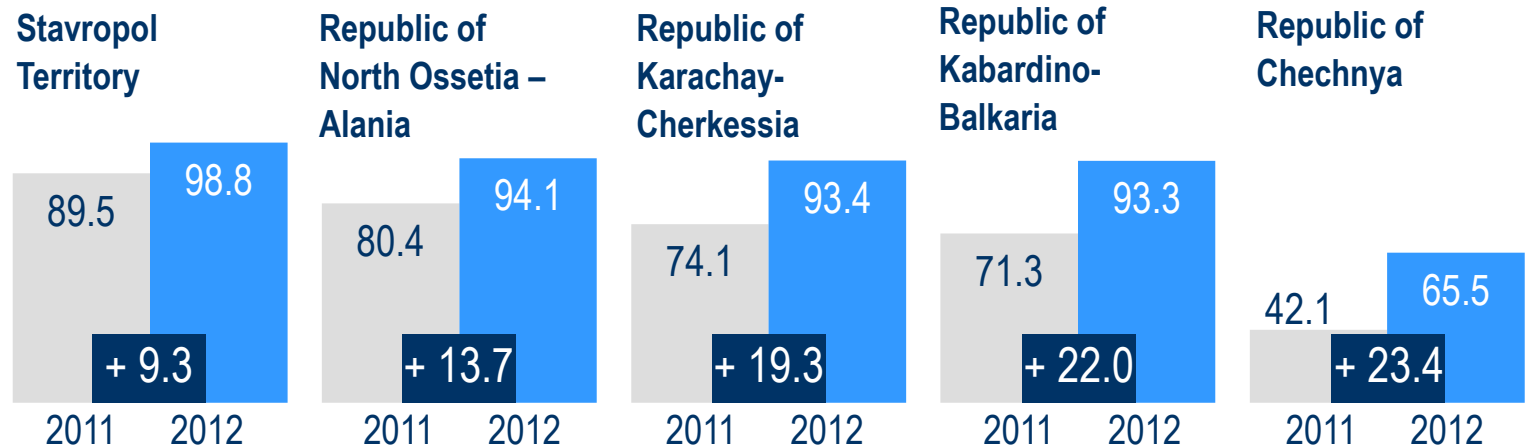
## Regions with significantly improved payment level

	Payment Level, %	Change Compared to 2011, %		Payment Level, %	Change Compared to 2011, %
Tomsk Region	103.5	+ 10.3	Republic of Karachay-Cherkessia	95.1	+ 4.1
Smolensk Region	95.5	+ 7.9	Omsk Region	98.8	+ 3.4
Republic of Ingushetia	74.1	+ 6.8			

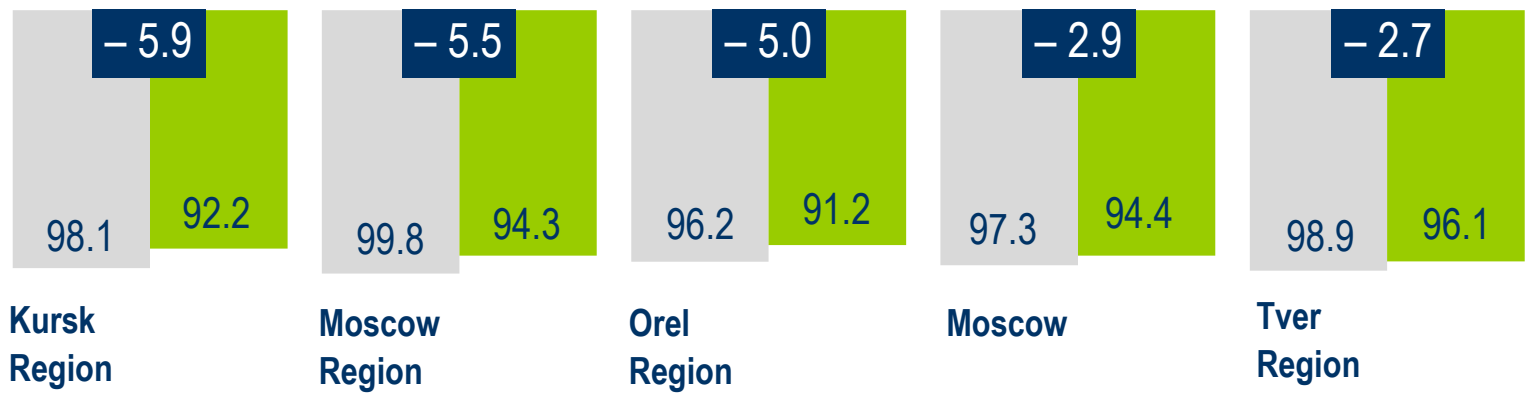
# Payments by Population in 2012, %

In 2012 level of gas payments by population reached **95%**, which is 3% higher than 2011 indicator

**REGIONS WITH BEST PAYMENT TRENDS**



**REGIONS WITH WORST PAYMENT TRENDS**



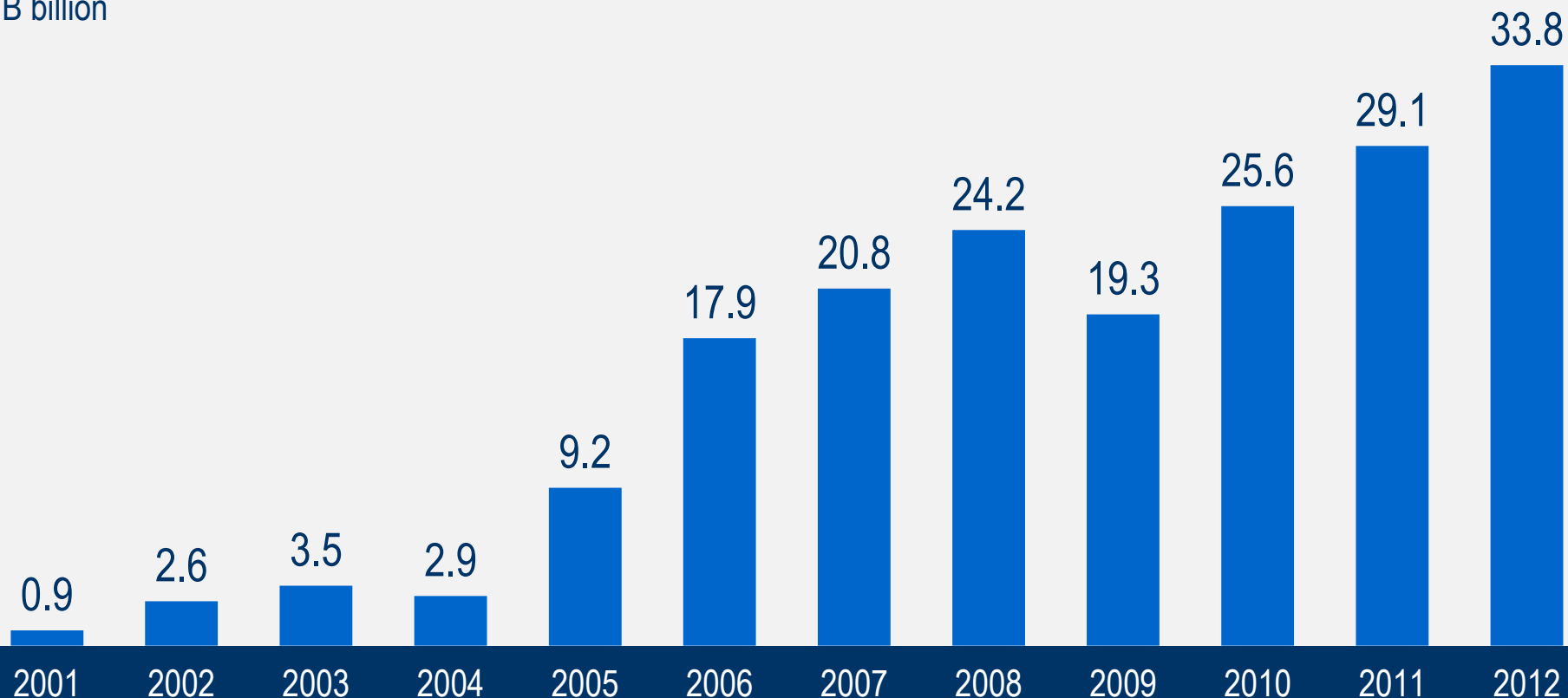
## Reasons for Debt Accumulation

- Existence of managing companies acting as intermediaries in chain of population's payments for heat
- Existence of unfair boiler house operators taking property on lease, as a rule, from municipal authorities
- Economically unjustified heat rates
- Complicated procedure of gas supply limitation to persistent non-payers
- Low efficiency of gas debt recovery by court bailiffs

1. Claims (warnings) filed against debtors in amount of **RUB 74.8 billion**.
2. Legal actions initiated against debtors in amount of **RUB 43 billion**.
3. Court rulings and writs made in respect of **RUB 36.6 billion**.
4. Debts recovered as part of enforcement procedures in amount of **RUB 28.2 billion**.
5. Gas debtors disconnected from supply – **160 thousand**.
6. 13.2 thousand cases of illegal gas offtakes in amount exceeding **RUB 408 million** detected and prevented.
7. 5.7 thousand requests directed to law enforcement bodies to impose sanctions against offenders, over 3.9 thousand administrative and criminal proceedings filed, **RUB 85 million** indemnified.
8. Debts worth **RUB 4.7 billion** transferred from insolvent legal entities to solvent ones. Transferred debt worth **RUB 3.7 billion** repaid.
9. Draft amendments aimed at simplifying limitation of gas supply to consumers into Russian Government's Resolution No. 354 of May 6, 2011 and No. 549 of July 21, 2008 were submitted to Russian Energy Ministry.
10. Draft federal law on Introduction of Amendments into Certain Legal Acts of Russian Federation to Secure Uninterrupted Heat Supplies to Social Consumers was developed.

**Total investments amounted to RUB 190 billion,**  
including RUB 180 billion between 2005 and 2012

RUB billion



## Russian regions falling behind schedule in 2012

Novgorod Region

Kamchatka Territory

Republic of Karachay-Cherkessia

Kurgan Region

Orenburg Region

Penza Region

Primorye Territory

Republic of Bashkortostan

Republic of Kalmykia

Republic of Mari El

Ryazan Region

Saratov Region

Republic of Udmurtia

Chelyabinsk Region



## Russian regions failing to meet their obligations according to schedule in 2012

Bryansk Region	from 2012*	Orel Region	from 2012
Vladimir Region	from 2012	Republic of Adygea	from 2010
Volgograd Region	from 2008	Republic of Dagestan	from 2009
Vologda Region	from 2012	Rostov Region	from 2012
Kaluga Region	from 2012	Smolensk Region	from 2012
Krasnodar Territory	from 2007	Stavropol Territory	from 2012
Leningrad Region	from 2006	Ulyanovsk Region	from 2012

\* – first year of failure to meet obligations

**2013 Russian Regions Gasification Program provides for investments in amount of RUB 33.4 billion,**

including RUB 27.8 billion for construction of gas distribution networks, gas branches and GDSs in 68 Russian constituents

- **RUB 4.152 billion** for design and survey activities
- **RUB 1 billion** for developing CNG filling stations network
- **RUB 300 million** for developing and adjusting general gas supply and gasification schemes

Future redistribution of investments under adjusted Program based on half year results directly depends on how regional authorities meet their obligations in respect of consumer preparation for gas supply and on situation with regional gas debts

## Regions with highest gas debts / failed obligations under 2005–2012 gasification programs

Republic of Dagestan

Moscow Region

Tver Region

Republic of North Ossetia – Alania

Republic of Kabardino-Balkaria

Republic of Ingushetia

Krasnodar Territory

Stavropol Territory

Volgograd Region

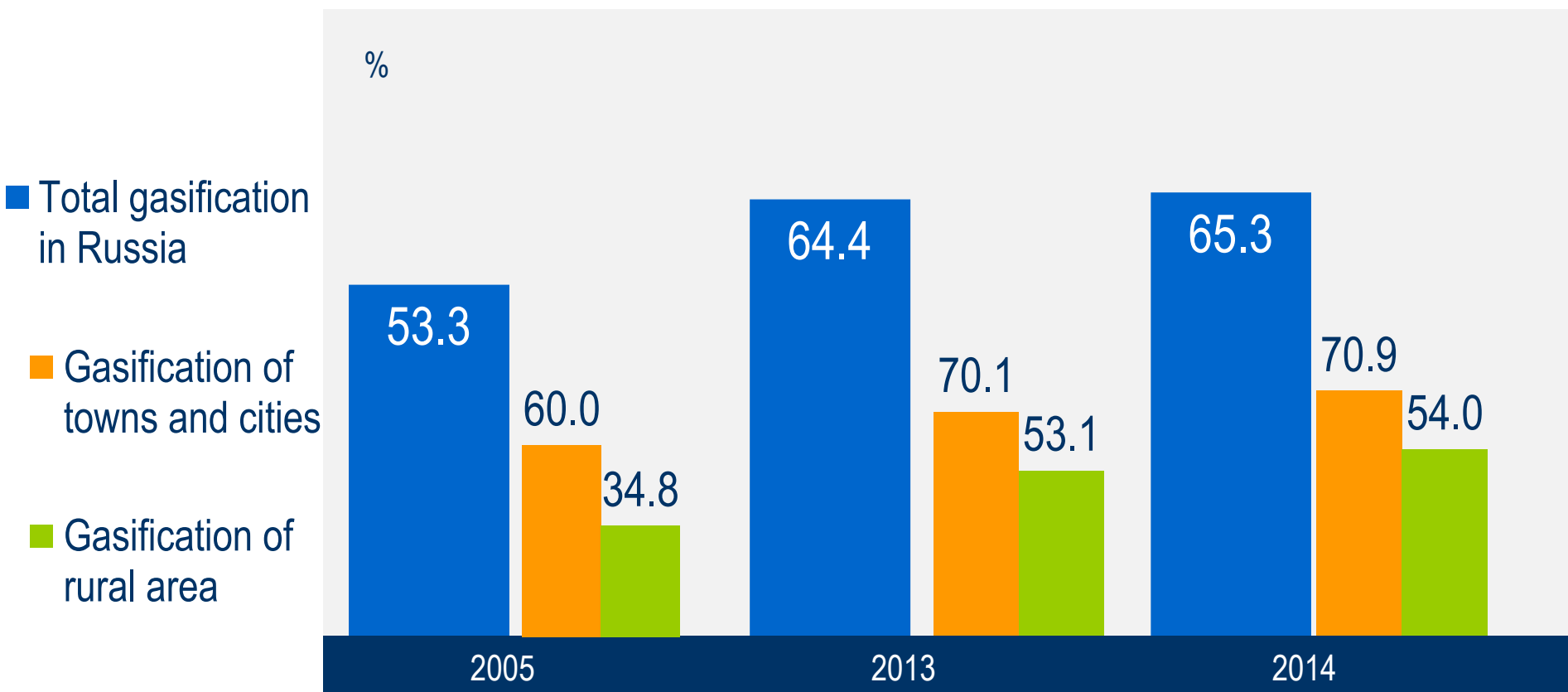
Republic of Karachay-Cherkessia

Arkhangelsk Region

Komi Republic

Kaliningrad Region

**Provided that regional authorities meet their obligations, average gasification level in Russia may amount to 65.3%**



**THANK YOU FOR YOUR ATTENTION**