

PROGRESS WITH RUSSIAN REGIONS GASIFICATION PROGRAM

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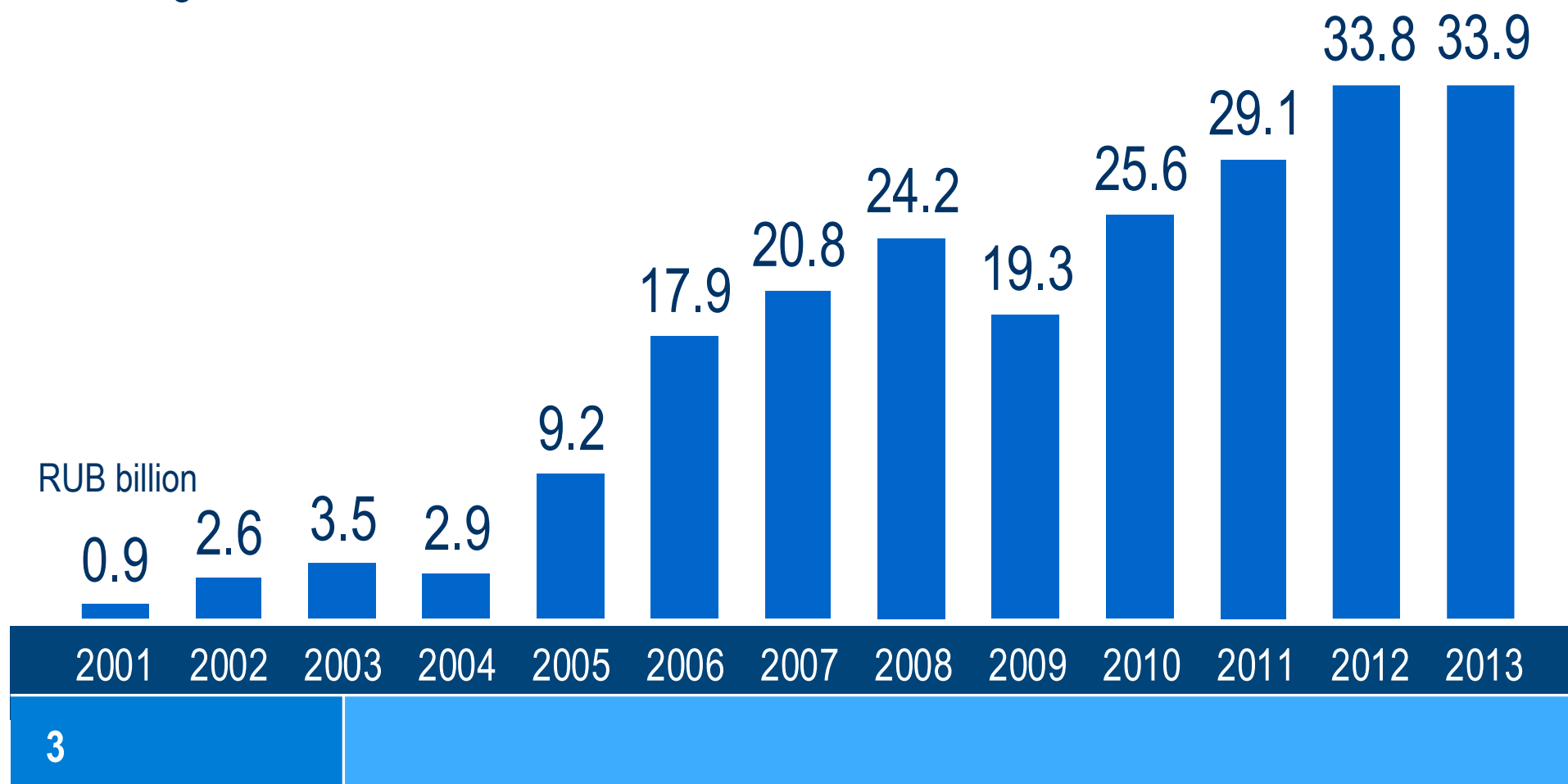
Gazprom's priorities in the area of gasification:

- Developing gasification in Russian regions with a view to attain the maximum economically viable gasification level, improve the living conditions of the population and boost the economic potential of Russian constituent entities
- Streamlining the joint efforts of Gazprom and the authorities of Russian constituent entities in order to simultaneously create a “gas pipeline – consumer” complex and ensure the loading of capacities once they are built and commissioned
- Gasification of and gas supply to Southern Russia (construction of gasification facilities necessary for the 2014 Olympic Games in Sochi) and the Far East, including as part of state-run programs



Gazprom's Investments in Russian Regions Gasification Programs

Total investments amounted to RUB 223.7 billion between 2001 and 2003,
including RUB 213.8 billion between 2005 and 2013





Russian Regions Gasification Programs Implemented between 2005 and 2012

Gazprom fully met its obligations under Russian regions gasification programs

CONSTRUCTED

1,527 inter-settlement gas pipelines

with a length of over **22** thousand km

GASIFIED

2,953 population centers

3,623 boiler houses

about **600** thousand apartments and households



Russian Regions Gasification Program. Olympic Venues Construction

Implementing the Program for the Construction of Olympic Venues and the Development of Sochi as a Mountain Resort (clauses 105.2 and 106.1)

The year 2012 saw the completion and commissioning of:

- a gas pipeline to the Adler TPP – a new energy heart of Sochi;
- 13 high- and medium-pressure gas distribution pipelines with a total length of 94 km.

This year the Olympic Games venue will see the completion of another 29 high- and medium-pressure gas distribution pipelines with a total length of about 118 km

(natural gas will arrive in 29 population centers).

2012–2015 development programs are prepared as regards gas supply to and gasification of Russian constituent entities involved in Gazprom's gasification programs

- Retrofitting and construction of gas transmission facilities, construction of inter-settlement networks (Gazprom and Gazprom Mezhrefiongaz area of responsibility)

- Obligations of Russian constituent entities regarding the preparation of consumers for gas supplies

(construction of distribution (street) networks, conversion of boiler houses to natural gas, preparation of households), including:

- programs for 54 regions are agreed on and approved by Gazprom and the authorities of Russian constituent entities
- programs for 10 regions are endorsed by Gazprom and are pending approval by the authorities of Russian constituent entities



Investments in Construction of Gasification Infrastructure in Russian Constituent Entities

Russian Regions Gasification Program 2013 provides for RUB 33.9 billion of investments,

including RUB 27.8 billion for the construction of gas distribution networks, gas pipeline branches and gas distribution stations in 68 Russian constituent entities

RUB 4.8 billion – for design and survey operations

RUB 1 billion – for developing the CNG filling network

RUB 300 million – for devising and adjusting general gas supply and gasification schemes

159 gasification facilities with a total length of nearly 2 thousand km are planned to be completed for gas supply to over 300 population centers

Gazprom created conditions to connect:

- 39 thousand apartments and households
- 62 boiler houses

Regions falling behind schedules

Novgorod Region

Republic of Bashkortostan

Kamchatka Territory

Republic of Kalmykia

Primorye Territory

Chelyabinsk Region

Kurgan Region

Ryazan Region

Orenburg Region

Saratov Region

Republic of Udmurtia

Gas was not supplied to more than 2.5 thousand households and 30 boiler houses



Regional Authorities' Obligations in Respect of Consumer Preparation for Gas Supply

Regions failing to meet obligations according to synchronization schedules

Bryansk Region*	from 2012	Republic of Karachay-Cherkessia	from 2011
Vladimir Region	from 2012	Republic of Adygea	from 2010
Volgograd Region**	from 2008	Republic of Dagestan**	from 2009
Kaliningrad Region	from 2009	Rostov Region**	from 2012
Komi Republic	from 2007	Smolensk Region	from 2012
Orel Region	from 2012	Stavropol Territory	from 2010
Ulyanovsk Region	from 2012	Pskov Region	from 2011

Gas was not supplied to more than 81.5 thousand households and 630 boiler houses

* first year of failure to meet obligations; ** largest number of unprepared households



Russian Regions Gasification Program Adjustment

Gasification programs are adjusted depending on the Russian regional authorities' progress in preparing consumers for gas deliveries and on the level of debt for supplied gas

Gasification Program 2012

Initial investments –
RUB 37.66 billion

Adjusted investments –
RUB 33.756 billion

Gasification Program 2013

RUB 33.9 billion of investments are earmarked, including minimum investments (RUB 10 million) for the Kaliningrad, Orenburg, Orel and Saratov Regions, the Republic of North Ossetia-Alania; limited investments (RUB 100 million) for the Vladimir and Tver Regions

Adjustment is in process

Redistribution of investments during half-year and subsequent adjustments of Russian regions gasification programs directly depends on how regional authorities meet their obligations in respect of consumer preparation for gas supply and on the situation with regional gas debts

Regions having the biggest gas debts and failing to meet their obligations under 2005–2012 gasification programs *

Republic of Dagestan	21,586.1	(283.8%)	Krasnodar Territory	2,565.3	(7.2%)
Chechen Republic	9,207.5	(219.0%)	Stavropol Territory	2,329.1	(5.6%)
Moscow Region	8,337.6	(11.1%)	Volgograd Region	1,119.8	(4.5%)
Tver Region	5,249.1	(31.4%)	Republic of Karachay-Cherkessia	1,296.6	(30.6%)
North Ossetia-Alania	4,935.4	(116.8%)	Arkhangelsk Region	1,164.6	(11.9%)
Republic of Kabardino-Balkaria	5,039.1	(128.6%)	Komi Republic	115.5	(1.4%)
Republic of Ingushetia	4,297.2	(272.8%)	Kaliningrad Region	187.5	(2.1%)

* Debt as of August 1, 2013, RUB (the share of overdue accounts receivable in the cost of gas payable in 2012)



Overdue Debt of Russian Consumers for Supplied Natural Gas

Name	Overdue gas debt (RUB billion)		Debt share as of August 1, 2013	Increase (RUB billion)
	as of January 1, 2013	as of August 1, 2013		
TOTAL	83.0	105.9	100%	22.9
Industry	44.7	60.6	57%	15.9
Power generation	6.2	8.8	8%	2.6
Utility companies	21.7	30.2	28%	8.5
State-financed consumers	1.2	3.0	3%	1.8
federal	1.0	3.0		1.7
regional and local	0.2	0.3		0.1
Other consumers	15.6	18.6	18%	3.0
Population	38.3	45.3	43%	7.0
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Failure of regional authorities to meet their obligations in preparing consumers for gas supply

Overdue debt for supplied gas

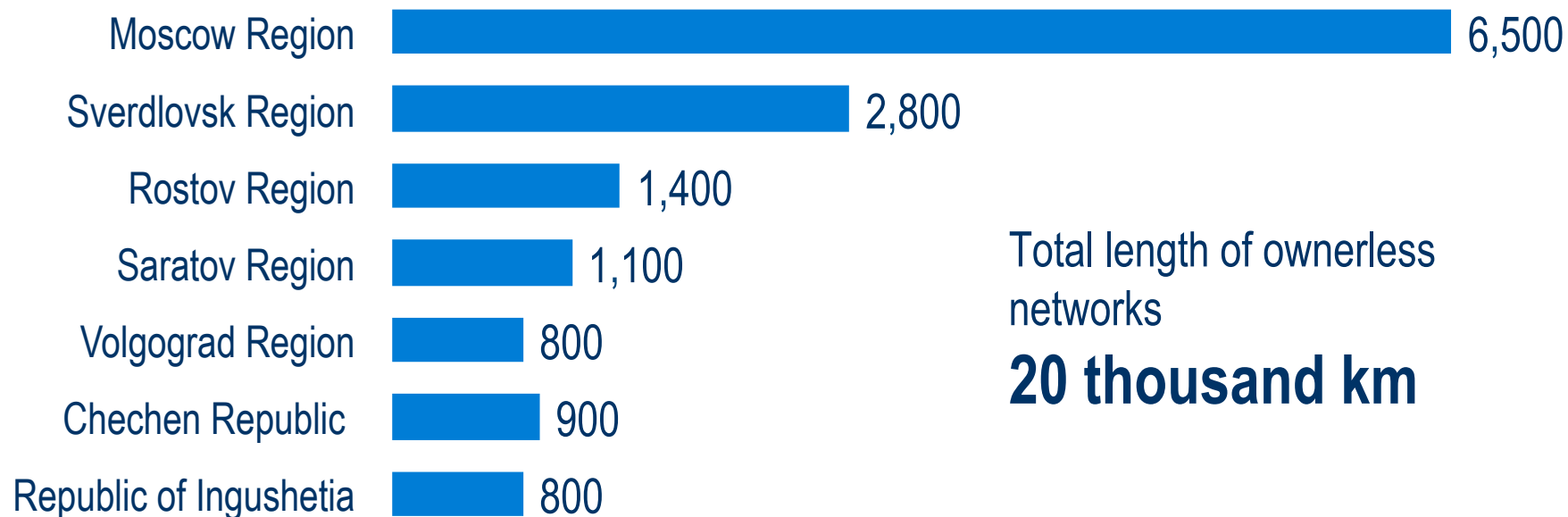
Defining the principles of regulating connection costs according to a draft Resolution of the Russian Government with regard to Federal Law No.35-FZ of April 5, 2013

Introducing a property tax abatement for gas distribution facilities built within Russian regions gasification programs

Registering ownership rights for ownerless gas pipelines with the view of their subsequent operation, overhaul and/or retrofitting

Assistance of the Russian Government is needed in registering ownership rights for ownerless gas pipelines with the view of their operation, overhaul and/or retrofitting

Regions with the longest ownerless networks, km



THANK YOU FOR YOUR ATTENTION