



## **GAZPROM ENERGOHOLDING AND NIS SIGNED THE MEMORANDUM ON THE CONSTRUCTION OF STEAM-GAS THERMAL PLANT IN PANČEVO**

On 25<sup>th</sup> September, the Gazprom Energoholding d.o.o. CEO, Mr. Denis Fyodorov and NIS j.s.c. Novi Sad CEO, Mr. Kirill Kravchenko signed the memorandum on the implementation of the project for the construction of steam-gas thermal plant of 208 MW electricity generating capacity in Pančevo.

In accordance with the document, the parties will negotiate the establishment of a joint venture with the exclusive right to invest and conduct the operations related to the project implementation. It is envisaged that the group Gazprom energoholding will take the 51% share in the share capital of the new company, while NIS will take the remaining 49%.

Electrical and thermal energy to be produced in the thermal plant will be primarily supplied to NIS Refinery and the Petrochemical Plant HIP Petrohemija (NIS' strategic partner) located in Pančevo. The remaining amount of electricity will be sold at the Serbian energy market, which is expected to become fully liberalized in early 2015. The construction of the thermal plant based on steam-gas cycle technology is economically and ecologically most efficient solution. This technology ensures a high coefficient of efficiency and consequently, low fuel consumption. This will ensure the reduction of electricity procurement costs for NIS Refinery and Petrochemical Plant HIP Petrohemija.

The thermal plant will be fuelled by natural gas – ecologically the cleanest resource.

“The synergy potential arising from the integration of the Gazprom Group activities ensures a successful implementation of necessary cost-effective projects. For Gazprom energoholding, the thermal plant in Pančevo is a pilot project which confirms our serious intentions to go out into the international electrical energy market, among other things, through the implementation of new construction projects”, Denis Fyodorov pointed out.

NIS participation in the project of the thermal plant construction in Pančevo is primarily the part of our corporate program aimed at increasing the efficiency of energy resources utilization. The new modern facility for electricity generation in Pančevo will ensure not only a smooth supply of our largest manufacturing facility – the Refinery with energy, but also the additional opportunity to monetize the gas produced by NIS. In our design of the thermal plant project we have chosen the most advanced technologies that will enable the reduction of operating costs and ensure a high level of environmental safety”, Kirill Kravchenko said.

### **Additional information:**

Gazprom energoholding d.o.o. is a vertically integrated holding company (100% owned subsidiary of OAD Gasprom) managing the companies established by the Gazprom Group in accordance with uniform corporate standards. Gazprom energoholding is the biggest owner of electrical energy generating plants (electrical and thermal energy plants) in Russia (control share package of OAD Mosenergo, OAD TGK-1, OAD OGGK-2 and OAD MOEK). The Group includes over 80 electricity generating plants of installed capacity of over 38 Gvt (electrical) and 71.2 thousand Gcal/h (thermal).

Since 2007, the Group Gazprom energoholding has started up the operations of new facilities in the total volume of over 5 GW. Among other things, the projects typical of Russia



have been completed such as the construction of the steam-gas Adler thermal plant (in the region where 2014 Olympic Games will take place, in Sochi) and Russia's largest steam-gas energy block of 800 MW Kirishsky PP (Leningrad region).

NIS is one of the largest vertically integrated energy companies in South East Europe. The main business activities include the exploration, production and refining of crude oil and gas as well as the sales and distribution of petroleum products. Gazprom Neft holds 56.15% shares in NIS, while the share of 29.88% is held by the Republic of Serbia. NIS conducts refining operations in two localities – in Pančevo and Novi Sad, of the total capacity of seven million tons per year, and gas production activities in the production plant in Elemir. The annual oil production volume amounts to around 1.7 million tons of oil equivalent. The company's retail network includes more than 500 petrol stations, fuel dispensing sites and oil storage facilities located in the Balkan countries. In addition to Serbia, NIS operates also in Bosnia and Herzegovina, Hungary, Bulgaria, Romania, Turkmenistan, Angola, Belgium and Russia.

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