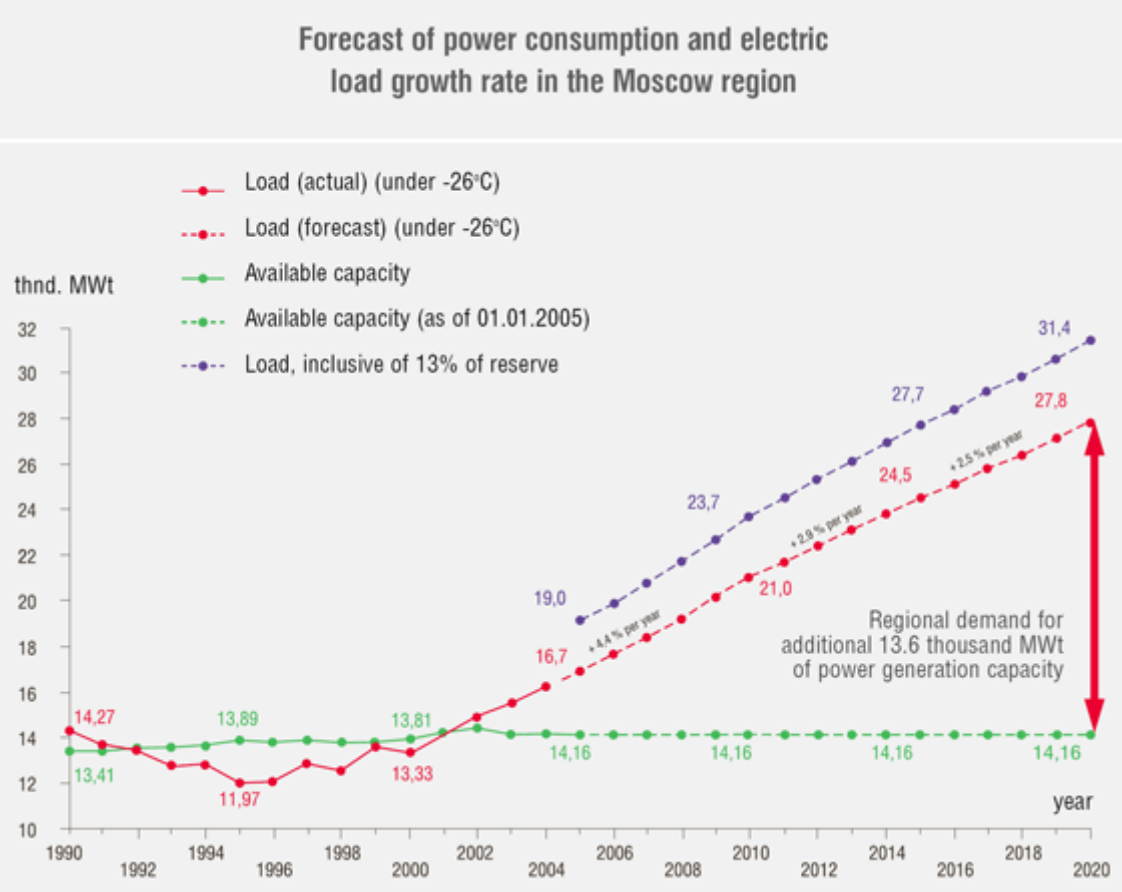
Construction of new steam and gas units

For decades, stable and reliable heat and power supply to Moscow and the Moscow region has been the key goal of Mosenergo.

Due to the dynamic development of Moscow and the Moscow region, growing demand for power in the metropolitan region, and limited carrying capacity of the networks, development and upgrading of power generation capacities is becoming a first priority for Mosenergo.

Annual increase in energy consumption in the Moscow region is 500 MWt on average



Forecast of electric load growth rate in the Moscow region:

- **21,000 MWt by 2010**
- **24,500 MWt by 2015**
- **27,800 MWt by 2020**

The company's long-term plans are based on the Concept for Energy Infrastructure Development in the Moscow Region in 2006-2020, developed in 2005 by a team from the Russian Academy of Sciences in cooperation with Mosenergo specialists.

The Concept for Energy Infrastructure Upgrade in the Moscow Region in 2006-2020 contains a strategy for Mosenergo to develop its power generation facilities in the Moscow region. In the framework of this strategy, important decisions have been made regarding new energy construction utilizing cutting-edge steam and gas technology. This technology enables a 20% increase in power generation efficiency and 25 to 30% of gas saving. New energy construction will allow to meet the growing power demand within the shortest possible time.

Construction of new steam and gas units (based on gas turbine GTE-160):			
Facility	**Project start date, year**	**Commissioning date, year**	**Input capacity, MWt**
Unit No. 11 on CHP-21	2006	2009	450
Unit No. 8 on CHP-26	2006	2009	400
Unit No. 3 on CHP-27	2006	2008	450
Unit No. 4 on CHP-27	2007	2010	325

Capacity will be increased through both new constraction and upgrades.

Facility upgrades			
Facility	**Project start date, year**	**Commissioning date, year**	**Input capacity, MWt**
GES-1 replacement of turbine No. 31	2005	2006	25
GRES-3 expansion of GTU-CHP (GTE-25Y)	2005	2006	31.2
CHP-9 reconstruction of t/a No. 5	2006	2007	80
CHP-9 GTE-65	2006	2008	61.5
CHP-12 GTE-90	2006	2008	90
CHP-20 replacement of t/a No. 10	2007	2010	170
CHP-21 replacement of t/a No. 5	2004	2006	110
CHP-23 replacement of t/a No. 2	2004	2007	110

Total capacity increase for Mosenergo will be 2,071 MWt in 2006 – 2010, including:

- **1,750 MWt - new construction**
- **346 MWt - replacements and upgrades.**

Financing will be raised from depreciation costs, profits and loans, including that of the European Bank for Reconstruction and Development (EBRD), and new equity issue.