

PRESS RELEASE  
MAY 30, 2019

LUKOIL PROJECT TO UPGRADE POWER PLANT IN KRASNODAR  
APPROVED BY GOVERNMENT

The RF Government Commission on Power Industry Development resolved to include the projects of modernization of power generation facilities of LUKOIL's wholly owned subsidiary, *LUKOIL-Kubanenergo*, in the list of additional facilities slated for the upgrade.

Thus, the commission approved the modernization projects of three generation units of the Krasnodar heat and power plant. To be commissioned in 2022 – 2024, each unit will produce 150 megawatt of power. According to RF Government Resolution # 43 of January 25, 2019, the facilities will supply power to the wholesale market under contracts with a 14-percent base rate of return.

The running time of the generation units exceeds 400 thousand hours, which is twice the standard. In the past five years, the average rate of utilization of installed capacity of the Krasnodar heat and power plant was 74%, quite high for this kind of equipment. The main source of heat for consumers in the city of Krasnodar, including households and public facilities, the generation units are also a key element of sustainable reliability of power supplies in Russia's south.

Thanks to a higher cost-performance ratio and advanced environmental properties of the steam power equipment, all Russian-made, the modernization project will replace all steam turbines and key units of boiler equipment, thus significantly improving the plant's performance and extending its life.

*Information:*

*The Krasnodar heat and power generation plant, commissioned in 1963 – 1966, is the main facility for combined generation of electric and thermal power in Krasnodar region.*

*A 410-megawatt combined-cycle gas turbine was commissioned at the plant in 2012. The turbine increased the installed electric capacity of the plant by half and brought down specific fuel consumption by a quarter*