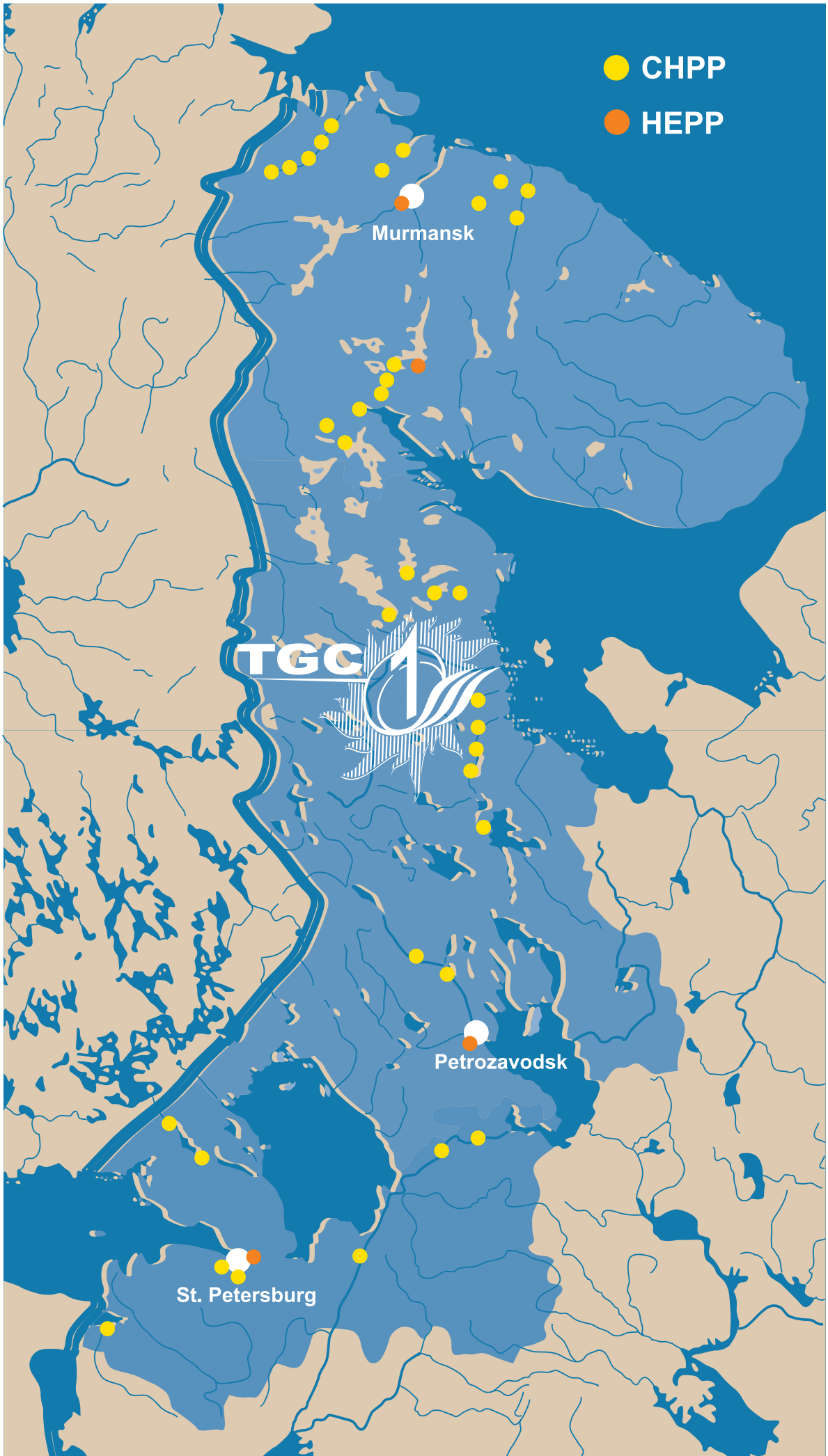


**THE MEETING OF THE AUTHORISED REPRESENTATIVES
OF RUSSIA, NORWAY AND FINLAND
FOR LAKE INARI WATER RESOURCES MANAGEMENT**



**19-20 FEBRUARY 2008
ST. PETERSBURG**



ABOUT TGC-1

Joint Stock Company «TGC-1» is one of the leading power companies of Russia and the largest electricity and heat producer in the North-West of Russia. **It was founded in 2005 as part of Russian power sector reform.**

Today North-West TGC-1:

- includes 55 power plants generating about 2.5% of all electricity produced in Russia, including 17 power plants beyond the Polar Circle.
- is the main supplier of electricity within the total territory over 1,800 square kilometers with over 8 million population.

TGC-1 share in power systems of the region

	St.Petersburg and Leningrad Oblast	The Republic of Karelia	Murmansk Oblast
Power consumption, MW	5,764	1,252	2,020
TGC-1 power plants capacity, MW	3,437	914	1,927

Most of electricity generated by TGC-1 is sold in the wholesale electric power (capacity) market of the Russian Federation. Along with that, due to its favorable geographic location, North-West TGC-1 has direct access to the international electricity market. Three out of four regions of TGC-1 presence have common borders with countries of the European Union which provides the Company with a high potential for international cooperation.

Total installed electric capacity of the Company amounts to 6,278.4 MW. TGC-1 holds the third place among fourteen territorial generating companies of Russia by this parameter. 46% of the Company's installed capacity is provided by HEPPs. Such a high share of hydro generation gives TGC-1 a unique advantage compared to other wholesale and territorial generating companies of Russia.

TGC-1 heat capacity is 14,754 GCal/h.

The structure of the power system assets also includes heat networks with the total length exceeding 940 km.

The Company employs over 9,000 people.

TGC-1 HQ is located in St. Petersburg. The Company's structure includes the Management unit and three branches — Nevsky, Karelsky and Kolsky.



PRODUCTION FACILITIES

TGC-1 generating assets include 55 power plants of various types (40 HEPPs, 14 CHPPs and 1 diesel power plant) located within the territory of 4 constituents of the Russian Federation.

North-West TGC-1 has a unique share of hydro production within its generating facilities compared to other TGC/WGC of Russia. The Company's HEPPs provide for 46% of the generation mix.

Up to 49% of electricity and about 95% of heat are generated by CHPPs fired by natural gas - the most environmentally safe fuel.

Fuel mix

Gas – 93.72 %, fuel oil – 1.95 %, coal – 4.32 %, diesel fuel 0.01%.

Production capacities include the diesel power plant at Valaam Island which is the only power source of one of the Orthodox centers of Russia.

Starting from May 2007 Murmansk CHPP operates as a subsidiary of North-West TGC-1 which provides up to 70% of the needs in heat of the capital of Polar region.

Nevsky Branch St. Petersburg	Nevsky Branch Leningrad Oblast	Karelsky Branch The Republic of Karelia	Kolsky Branch Murmansk Oblast
Central CHPP	Dubrovskaya CHPP-8	Petrozavodskaya CHPP	Nivskiye HEPPs Cascade
Pravoberezhnaya CHPP-5	Volkhovskaya HEPP	Vygskiye HEPPs Cascade	Tulomskiye HEPPs Cascade
Vasileostrovskaya CHPP-7	Narvskaya HEPP	Kemskiy HEPPs Cascade	Pazskiye HEPPs Cascade
Pervomayskaya CHPP-14	Vuoksinskiye HEPPs Cascade	Sunskiye HEPPs Cascade	Serebryanskiye HEPPs Cascade
Severnaya CHPP-21	Svirskiye HEPPs Cascade	Small HEPPs Group	Apatity CHPP
Yuzhnaya CHPP-22		Diesel power plant (Valaam Island)	Murmansk CHPP*
Avtovskaya CHPP-15			
Vyborgskaya CHPP-17			
Heating grids 794.7 km		Heating grids 20.3 km	Heating grids 131.6 km

*JSC "Murmansk CHPP" is a subsidiary of TGC-1.



INVESTMENT PROGRAM

The Investment Program of the Company for 2006 – 2010 with a prospect until 2015 was approved by TGC-1 shareholders as part of implementation of the Company Strategy for the period until 2015 and includes a number of large-scale projects of new construction, re-equipment and reconstruction of power generating facilities in all the regions of JSC “TGC-1” operation.

The Company plans to spend over 154 billion rubles on implementation of its investment program, which will be raised from both own and borrowed funds. Moreover, in 2007 JSC “TGC-1” issued additional shares to fund the top priority projects.

The total investments in modernization of the Northwest power generating system until 2015 may exceed 238 billion rubles. These also include the Joint Implementation projects financed by TGC-1 along with the interested investors.

By 2015 the Company’s newly commissioned electric capacity (not including Joint Implementation projects) will make 3, 275 MW, with the increase by 2, 263 MW; the heat capacity will make 3, 080 GCal/h, with the increase by 1, 060 GCal/h. Up to 81 percent of newly commissioned capacities will come from the expansion and re-equipment of combined heat and power plants.

The Company’s investment plans also include a large-scale reconstruction of heating networks in St. Petersburg; 500 km of existing grids will be relayed, and over 100 km of new ones will be built.

The target values of the Investment Program are as follows:

- covering the existing and probable heat and power demand of the region;
- timely upgrading of the retiring power and heat capacities of the Company;
- providing for the reliability of the power generation and supply processes at the Company’s facilities;
- raising the operation efficiency of the Company’s generating capacities;
- increasing the demand-backed export potential.

Top priority projects of the Investment Program

	Year of commissioning	Electric capacity to be commissioned	Electric capacity increase	Heat capacity to be commissioned	Heat capacity increase
Central CHPP, PS-1	2010	180	180	160	160
Central CHPP, PS-2	2010	100	26.5	200	12
Yuzhnaya CHPP-22	2009	450	450	350	350
Pravoberezhnaya CHPP-5	2010	450	386	350	(22)
Pervomayskaya CHPP-14	2009-2013	540	210	480	(261)
Severnaya CHPP-21	2011	450	450	350	350
Vuoksinskiye HEPPs Cascade	2008 - 2012	240	76.3	-	-



CROSS-BORDER COOPERATION

One of the consequences of the Company's location is a need to coordinate its actions with the neighboring countries in regard of the use of the cross-border water resources. The basic principles of cooperation of the neighboring countries sharing adjacent river basins are stipulated by a number of intergovernmental agreements between Russia, Norway, Finland and Estonia.

Compliance with these agreements is an integral part of JSC «TGC-1» policy, which is always taken into account in the course of the Company's production activity.

1. In April 1959, the Governments of the USSR, Norway and Finland entered into a trilateral agreement entitled «The Regulation of the Water Conditions of Lake Inari with Kaitakoski Hydroelectric Power Plant».

The river Paz runs from this lake in Finland. This river flows through Finland, Russia and Norway and powers seven hydroelectric power plants, five of which are united into Pazskiye HEPPs Cascade of JSC «TGC-1», and other two belong to the power system of Norway. The subject of the Agreement is the regulation of the water conditions of Lake Inari by way of Kaitakoski hydroelectric power plant. Being the first power plant of the Cascade, it has direct impact on the water content in the Paz river. The Commission with authorized representatives of the three countries has been established to control the fulfillment of the agreement.

2. In April 1964 the USSR and Finland entered into an agreement «On the Cross-border Water Systems». It stipulates the two countries' mutual understanding with regard to the use of the water resources of Lake Saima and the Vuoksa River flowing out of this lake and powering two hydroelectric power plants of the Finnish power system and two plants of Vuoksinskiye HEPPs Cascade of JSC «TGC-1».

This document regulates the cooperation of the two countries in the following fields:

- water quality;
- maintenance of the optimum water level in Lake Saima;
- proper maintenance of the main navigation waterways of water reservoirs;
- establishment of conditions for unobstructed fish migration along the entire Vuoksa river.

3. In August 1997 the Governments of the Russian Federation and Estonia entered into an agreement «On the Cooperation in the Protection and Rational Use of Cross-border Waters».

This document regulates cooperation of the two countries with regard to maintaining the ecosystems of Lake Chudskoye and the Narva River, being the state boundary and powering Narvskaya HEPP of JSC «TGC-1». Narvskaya HEPP operation conditions include maintenance of the water level in the Narva water reservoir, which is vital for operation of Estonian SDPPs and provides for hydraulic structures safety and flood waters level control.



ENVIRONMENT

As one of the largest interregional power generating systems in Europe JSC «TGC-1» awares its social responsibility for maintaining a clean environment and environmental safety by way of reliable and environmentally safe generation, transportation and distribution of energy and an integral approach to the use of natural power resources.

On 5 June 2007 the Company's Board of Directors approved its environmental policy and a program for its implementation, in accordance with which TGC-1 has undertaken the following obligations:

- admitting the constitutional human right for a clean environment;
- impeccable compliance with the requirements of the environment protection laws;
- continuous reduction of the Company's facilities negative impact on the environment, first of all through execution of power sector development projects in St. Petersburg, Leningrad Oblast, Murmansk Oblast and the Republic of Karelia;
- rational use of natural and power resources;
- priority of preventive measures over those for the liquidation of negative environmental impact;
- openness and accessibility of environmental information;
- improvement of the Company management system in the environment protection area in accordance with the requirements of international standards.

Every year TGC-1 makes a system of objectives focused on meeting the requirements of the environment protection law. It is planned to secure the obligations of continuous reduction of the negative impact on the environment primarily through execution of the following environment protection measures:

- construction and commissioning of highly economical combined-cycle power units with modern low-emission combustion chambers of gas turbines;
- construction of a recirculating service water system at combined heat and power plants in order to exclude any pollution of water sources and reduce the heat pollution of surface water reservoirs;
- reconstruction of heating networks with new heat insulating materials that provide for more than a double reduction of heat losses, which results in a minimum heat pollution of the environment and discharge of pollutants and greenhouse gases into the atmosphere;
- modernization of hydroturbine equipment with new environmentally safe structures in order to exclude the discharge of pollutants under both normal and extreme conditions;
- construction of new treatment works for polluted wastewater and reconstruction of existing ones;
- installation of fish protection structures at water intakes in order to prevent a negative effect on the fauna.

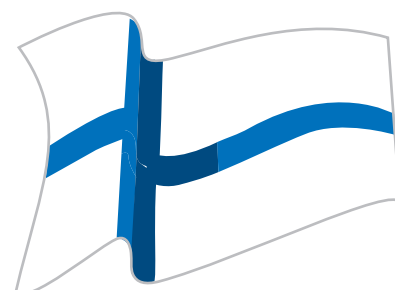
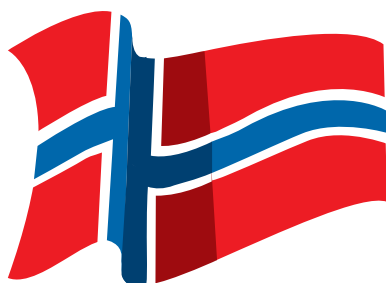
Implementation of the Kyoto Protocol provisions

One of the Company's priority goals is reducing the emission of greenhouse gases into the atmosphere during its operation. The program of technical re-equipment and the program of the environmental policy implementation of JSC «TGC-1» aim to reduce this parameter by 20 percent by the year 2012. Currently, pollution control at the combined heat and power plants of JSC «TGC-1» is performed through the following:

- an inventory of greenhouse gas emission in 1990-2005;
- an assessment of the potential for reducing the existing emission;
- preparations for the implementation of the Greenhouse Gases corporate information and analytical system, which will enable gathering and accumulating data on the volumes and intensity of greenhouse gas emission.

Moreover, within the fulfillment of the Kyoto Protocol, the Company is working actively to attract investments in order to raise the efficiency of its environment protection activities. The Company has already received proposals to buy Emission Reduction Units from England, Finland, Sweden and Norway, which are ready to invest in the implementation and modernization of high-tech cleaning systems at the facilities of TGC-1 on a parity basis.

In 2007 approx. 500 million rubles was spent on the Company's environment protection activities. According to the program of the environmental policy implementation, in **2007-2010**, the investments in environment protection will amount to **2.4 billion rubles**.



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