

InterRAO Considers Spending \$2.1 Bln for Miner's Power Unit

By [The Moscow Times](#)

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Russian utility InterRAO said Monday that it was involved in a deal to acquire miner Norilsk Nickel's OGK-3 — a deal one source valued at \$2.1 billion — that would give it enough capacity to power a mid-sized European country.

"We confirm that we're planning to participate in the deal, but its form has not been finalized," InterRAO representative Anton Nazarov said.

A purchase would increase InterRAO's generating capacity to 26.6 gigawatts from 18.1 GW, according to UniCredit's Dmytro Konovalov, making it Russia's second-largest power producer with enough output to power Slovakia for a year.

A source close to the deal said InterRAO was considering swapping 10 percent to 15 percent of its shares for a 79.24 percent stake in OGK-3, in a deal estimated at \$2.1 billion.

InterRAO, controlled by state nuclear holding Rosatom and chaired by Kremlin heavyweight Igor Sechin, is snapping up regional utilities as part of its strategy to control 30 GW of capacity by 2015. This would still leave the company in second place, behind Russian natural gas giant Gazprom, which generates 36 GW of electricity annually, according to UralSib analysts.

InterRAO also said in May that it plans to place about \$10 billion of shares in order to fund the purchase of roughly 40 smaller Russian power companies.

Analysts cautioned that the expansion drive is forcing InterRAO to acquire marginal assets, such as loss-making OGK-3.

"It's quite a difficult company with older assets that are not very efficient, particularly in Siberia where it competes with cheaper power from RusHydro," Konovalov said.

He said he didn't expect any other bidders for the asset to emerge.

OGK-3, which like InterRAO was once part of the RAO UES state power company, has installed capacity of 8.5 GW of power in six power plants mainly in Siberia and the Urals.

Norilsk Nickel co-owner Vladimir Potanin said last week that he supported the sale of OGK-3 and valued it at \$2.5 billion to \$3 billion.

The world's largest nickel and palladium miner acquired a majority stake in OGK-3 for \$4.6 billion in 2007.

It declined to comment for this story.

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