

VEGAS LEX, RUIE AND FAS RUSSIA DISCUSSED THE SPECIFICS OF NEW PRICING SYSTEM AND ANTIMONOPOLY REGULATION IN THE AREA OF HEAT SUPPLY

The Russian Union of Industrialists and Entrepreneurs (RUIE) and the VEGAS LEX law firm, involving FAS Russia, held a round-table meeting that is devoted to the specifics and certain aspects of new pricing system and conclusion of contracts in the area of heat supply, and antimonopoly regulation and control in light of change-over to free pricing in heat supply.

On 21 November 2017, the round-table meeting "Heat supply-2018: change-over to non-regulated prices" hosted by the VEGAS LEX law firm jointly with the RUIE Committee for Energy Policy and Energy Efficiency, involving FAS Russia, was held at the RUIE.

[Alexander Sitnikov](#), VEGAS LEX Managing Partner, and **Evgeniy Konygin**, Chairman of the RUIE Subcommittee for Energy Efficiency and Renewable Energy Sector*, welcomed the round-table meeting participants having noted that, speaking about the change-over to the new pricing system in heat supply, it is necessary to take into account the experience gained from the electric power industry reform implemented earlier.

[Evgeniy Rodin](#), VEGAS LEX Partner and Head of Energy practice, noted that, at the threshold of the new reform, we all expect primarily legal challenges since reforming always entails the need to adapt the legal database that is less flexible than the economy. The practice has shown that such adaptation in the power industry may result in radical changes and in the change of approaches to legal regulation. Therefore, he proposed to discuss the readiness of legal framework to accept the economic model, which is proposed for implementation and, most importantly, to discuss whether it will be possible to implement this reform by using the current legal framework and whether it will develop as intended.

[Yuriy Tatarinov](#), VEGAS LEX Counsel of Energy practice, reminded the attendees of the essence of the new heat supply reform, the tasks and objectives of introduction of "alternative boiler-house" and heat supply pricing zones, and of the model and specifics of operation of pricing zones.

Elena Tsyshenskaya, Deputy Head of the FAS Russia's Department for Regulation in the Housing and Utility Sector, told about the manner in which the control over implementation of the new heat supply reform will be exercised in practice, and took a note of the fact that, within the concept developed in terms of legislation (de jure), the Unified Heating Supplier (UHS) will always initially (a priori) be called a facility with dominant position on the market ([Federal Law "On heat supply", No.190-FZ, dated 27 July 2010 \(in force as of 29 July 2017\)\)](#)). It is also worth paying attention to the rules of non-discriminatory access (see also clause 2 of article 4), which relate to the rules of connection "to the pipe" and provision of service. The FAS expert further addressed the issues regarding the connection scheme and tariff-balance solution, and the novelties that are introduced in respect of heat supply pricing zones, and the solutions that will be developed in the future, and other issues.

In the second session of the round-table meeting, the experts discussed the manner in which the relations between the pricing zone participants, i.e. heat generating companies, UHS, consumers, entity, etc., will be established.

Evgeniy Rodin explained what the statutory criteria of pricing zones are and how the heat supply pricing zones will be introduced and contracts for implementation of heat supply scheme will be concluded; and outlined the disputable matters of the law enforcement regarding the obligation to conclude a contract for implementation of heat supply scheme, and explained the main pricing principle.

Nickolay Linchenko, VEGAS LEX Senior associate of Energy practice, told about the pricing procedure after the end of transition period, the stability of heat supply pricing zone and the specifics of conclusion of contracts.

In conclusion, the speakers thanked the round-table meeting participants for the interesting and keen discussion during which many clarification-seeking questions on the topic of the meeting were asked.

The major Russian resource-supplying organisations and companies, including Gaspromneft-Nefteservice, Inter RAO, Quadra, Lukoil-Energoseti, Mosenergo, RusHydro, T Plus, TGC-2, Fortum, Enel Russia, Unipro, and others, were among the round-table meeting participants.

For more information on VEGAS LEX's activities in power industry, please click [here](#).

For more information on VEGAS LEX's activities in antimonopoly regulation, please click [here](#).