

VEGAS LEX PARTNERED UP AT THE RUSSIAN BUSINESS WEEK 2018

From February 5, 2018 to February 9, 2018, VEGAS LEX customarily supported the events of the Eleventh Russian Business Week of the Russian Union of Industrialists and Entrepreneurs (RUIE).

From February 5, 2018 to February 9, 2018, VEGAS LEX acted as a business partner of the round-table conference "**Energy development outlook: Long-term movements**"* held in Moscow within the framework of the Russian Business Week 2018. All conference participants emphasized the importance of the heat generation improvement program.

Alexander Sitnikov, the Managing Partner of VEGAS LEX, noted that the existing regulatory and business environment is not attractive for investing in thermal power industry that, considering its high degree of deterioration, must be modernized by new heat generation facilities. The PPP, concession and CCA** tools do not currently create risk and reward balance acceptable to investors since they fail to ensure the sufficient regulatory certainty and stability, to provide a fixed price guarantee or the nominal and real opportunities for suppliers to reach a revenue objective, nor do they protect consumers since they fail to provide for suppliers' substantial liability for failure to perform their obligations.

According to Mr. Sitnikov, the expectation that the supply and demand for investments in thermal power industry will balance the market (for example, through changes in demand and price for capacity) may result in price shocks as well as in the accident rate increase and high technological risks or, in case of an accident, in need to immediately put a facility into operation.

*"For attraction of investors, it is necessary to resume using PSAs***, which worked well as a stable legal framework that is not subject to risks of change by regulators or repudiation of obligations by suppliers and consumers. The history of success of the PSA program allowed to build extensive law enforcement practice which covers matters of invariability of the time limits under PSAs, fines and penalties for non-performance of PSAs, issues on liability and recovery of damages from suppliers and contractors as well as a wide range of related issues: antitrust regulation, collection on bank guarantees, bankruptcy of major contractors. When launching the PSA program, the existing extensive law enforcement practice will allow to attract a wide range of investors and ensure competition for selecting the best possible process design solutions and investment projects", – Alexander Sitnikov explains.*

VEGAS LEX also supported the Ecological Forum "**Year of ecology in Russia: objectives of the state and business**". Opening the forum, **Alexander Shokhin**, the RUIE President, said that the implementation by companies of measures to mitigate negative environmental impact not only ensures compliance with statutory legal requirements but represents a competitive advantage, especially on international markets. The specified measures became an integral part of the production development and modernization programs for the business. In the meantime, he stressed the need to strengthen the efforts to resolve the pending issues in environmental protection legislation****.

* *Hosts of the conference: RUIE Committee for Energy Policy and Energy Efficiency, Association "Council of Power Producers".*

** *Competitive capacity auction.*

*** *Power Supply Agreement.*

**** *Source: <http://rspp.ru/news/view/13715>.*

Russian Business Week of the RUIE is one of the core platforms for meaningful cooperation between business and authorities. VEGAS LEX is the annual business partner of the Week, which participates in arranging a number of conferences and round-table discussions within the framework of a business program. Representatives of the Administration of the President of the Russian Federation and the Federal Assembly of the Russian Federation, chiefs of key ministries and agencies, members of the Administrative Office of RUIE, chief executive officers of regional

departments and industry associations of RUIE and representatives of business community, industry and business associations have taken part in the RBW 2018 events.

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

For more detailed information on VEGAS LEX's environmental projects, please click [here](#).