

ADMINISTRATIVE AND JUDICIAL CONTROL OF HEAT AND POWER PRICES: FIRST RESULTS OF THE FEDERAL ANTIMONOPOLY SERVICE'S HANDLING OF SUCH DISPUTES

The VEGAS LEX law firm has held a workshop involving FAS Russia speakers to discuss the antimonopoly authority's powers to regulate electric and thermal energy prices, the procedures for exercising its powers to reach out-of-court settlement of disputes or challenge regulated tariffs in court.

On February 11, 2016, VEGAS LEX held a workshop on *Administrative and judicial control of heat and power prices*; representatives of the FAS Department for Regional Tariff Regulation spoke at the event.

VEGAS LEX Managing Partner [Alexander Sitnikov](#) addressed the participants with opening remarks, identifying the problems and issues that companies in the energy industry have in connection with the transfer of the Federal Tariff Service's powers to regulate electricity and heat prices to the Russian Antimonopoly Service.

Head of the FAS Department for Regional Tariff Regulation, **Yulia Popkova**, presented the first results of the Federal Antimonopoly Service's handling of such disputes and disagreements. Ms. Popkova explained how many applications for out-of-court settlement of price disputes and disagreements were filed from October 1, 2015 to February 10, 2016 and what decisions were made after considering those disputes; she also gave recommendations to regulated organizations for handling applications for tariff disputes and disagreements; and explained the purpose and the powers of the FAS Russia's Methodological Council on Tariff Regulation established in 2015.

Ivan Stepanenko, Deputy Head of the FAS Department for Regional Tariff Regulation, explained the procedure for exercising the FAS powers to arrange out-of-court settlement of disputes, and to consider disagreements arising from state regulation of prices (tariffs) and other supervisory powers.

Head of the out-of-court settlements and tariff disagreements office at the FAS Department for Regional Tariff Regulation **Andrey Gromov** drew the audience's attention to the problems of developing a system-wide approach to determining the size of economically reasonable costs taken into account when calculating prices on the retail market for electricity, heat and water supplies. These costs include payroll expenses, fuel, repair and overhaul, social contributions, property rental, investments, and amortization.

Partner, Head of Energy practice [Evgeniy Rodin](#) focused on the issue of challenging regulated prices. In particular, he spoke about the specifics of handling cases through administrative and court procedures, cited examples of legal acts that regulate energy prices, compared the approaches used by the abolished Supreme Arbitration Court and the existing Supreme Court to recognizing legal acts as regulatory and non-regulatory. According to Mr. Rodin, the enforcement of court orders to change energy prices is aimed at bringing the price in line with the law, and not at upholding individual financial interests. He also considered ways to protect companies' financial interests and possible ways to recover losses, explained the process of enforcement of the judgment by the Commission and the benefits of the Code of Administrative Procedure.

Throughout the event, the participants asked questions to experts on all relevant issues, and at the end of the workshop they thanked the speakers for their detailed explanations of most controversial and crucial problems that affect their daily work.

The workshop participants included major federal and regional energy companies such as Gazprom Mezhregiongaz, Gazprom Neft, Rosatom, Lukoil, Fortum, TGK-2, Inter RAO UES, IDGC of Centre, Izhorskaya Energy Company, Mordovian Grid Company, TNS energy (Yaroslavl, Rostov-on-Don, Tula, Voronezh), and others.

For more information on VEGAS LEX's services in the area of antimonopoly regulation, click [here](#).

For more information on VEGAS LEX's energy-related services, please click [here](#).