PRESS RELEASE
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LUKOIL DEVELOPS HYDROPOWER GENERATION IN RUSSIA

The Governor of the Krasnodar region Veniamin Kondratyev and the President of LUKOIL Vagit Alekperov visited the Belorechenskaya hydropower plant today. They took part in the inauguration ceremony on the occasion of the HPP's recommission after a full-scale reconstruction.

LUKOIL completed main refurbishing works at the HPP and put the plant into pilot commercial operation in the first quarter of 2020. As a part of the HPP modernization project, LUKOIL replaced two hydropower units and increased their capacity from 16 to 24 MW each. The installed capacity of the Belorechenskya HPP now amounts to 48 MW, while its operational life is extended by 40 years. Primary generating equipment that LUKOIL installed at the plant during reconstruction works had been made in Russia. The realisation of the project took three years.

The reconstruction resulted in a restoration of the HPP's available capacity back to the designed level. This will provide an opportunity for a fuller use of the hydropower potential of the Belaya River, as well as for an 80% increase in the net output of green electricity (from 138 to 250 million kWh per year). The renovated plant will annually reduce GHG emissions by approximately 130 thousand tonnes of CO2 equivalent.

"LUKOIL's full-scale reconstruction of the Belorechenskaya HPP is a great example of a mutually beneficial public private partnership. Creation of such facilities directly influences the investment appeal of the region. Hydropower development enables us to increase the power system capacity of the entire region and make up for energy deficiency. First of all, this means that our communities will live comfortably as they will have a steady supply of electricity. It also opens up opportunities for new investment projects, since the lack of energy resources is often the main obstacle there. Being a tourism region, we also value hydropower as an environmentally friendly way of power generation," noted the Governor of the Krasnodar region Veniamin Kondratyev.

"The region's favorable investment climate drives LUKOIL to carry out projects in various domains. While providing the region's economy with main types of oil products, constructing and renovating fuel stations, investing into joint social and economic programs, LUKOIL also systematically expands its portfolio of renewable-based projects, including hydropower generation. The reconstructed

Belorechenskaya HPP is among the regional leaders both in terms of quantity of electricity generated and in terms of operational safety. This project fully complies with LUKOIL's strategy on developing green power generation in the regions that have suitable climate and renewable energy sources support programs," said the President of LUKOIL Vagit Alekperov.

Information:
For reference:

LUKOIL puts a premium on renewable energy projects and systematically increases the share of green power generation as a part of its sustainability program. LUKOIL's main renewable assets include four hydropower plants in Russia (total capacity – 291 MW), the Land Power wind farm in Romania (84 MW), and solar power plants in Russia (in the Volgograd region), Romania and Bulgaria (with aggregate capacity exceeding 20 MW).
The Belorechenskaya HPP is a leader of the hydropower generation in the Krasnodar region. The plant has been operational since 1954. This run-of-river hydropower plant exploits the difference in elevation levels of the rivers Belaya and Pshish.