

Increasing NGV subsidies

By 2030 up to 30% of diesel fuel will be replaced by natural gas



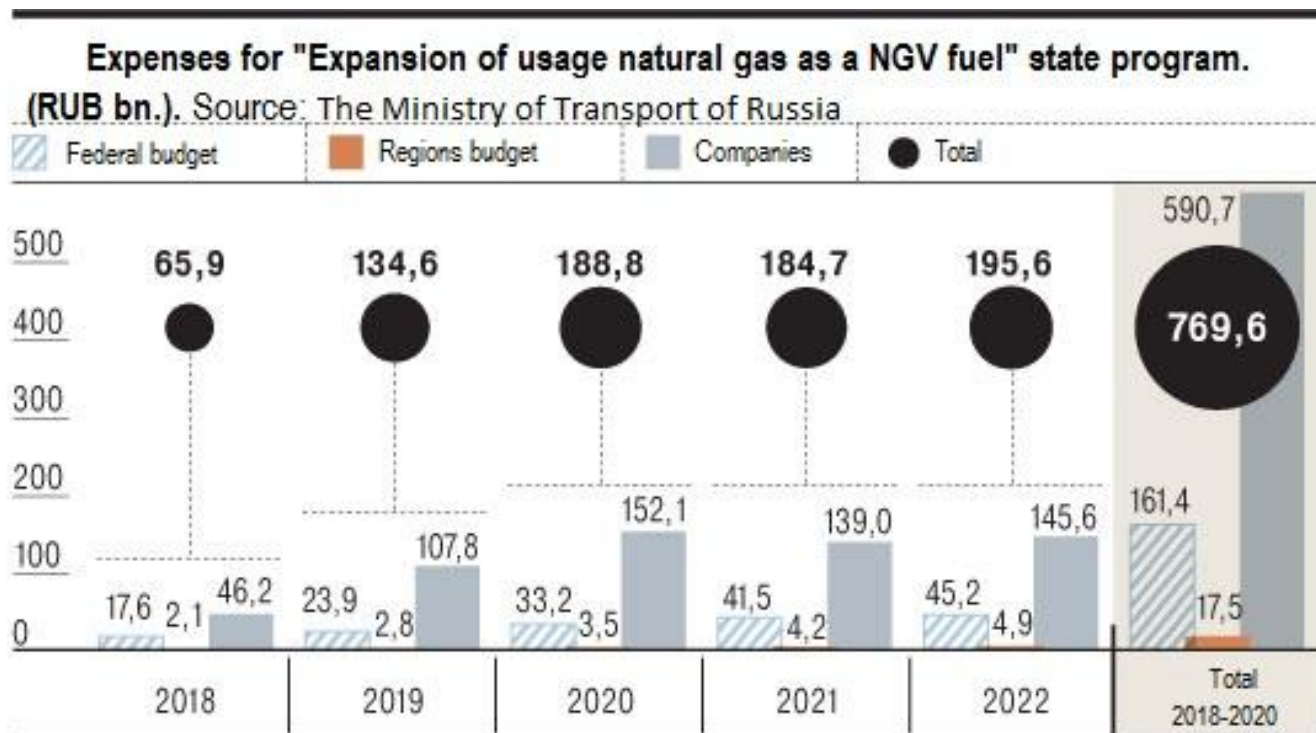
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The Ministry of Transport of Russia has prepared a five-year program of development of gas-powered vehicles for 769.6 billion rubles, 163 billion of which should be allocated by the federal budget. Half of the budgetary funds are accounted for by gas transport, which was promised to have benefits from transport tax, production subsidies for the production of the equipment and preferential parking lots. In addition, due to the increase of authorized capital of STLC (State Transport Leasing Company) and "Rosagroleasing", it is also planned to grant a subsidy the leasing of gas-engine vehicles, locomotives, ships and agricultural machinery.

The Ministry of Transport has prepared a state program for 2018-2022 to expand the usage of gas as an engine fuel (the program is available at <http://regulation.gov.ru/>). It concerns the automobile industry, railway transport, marine vessels, inland water transport, air transport and specialized machinery (housing and utilities infrastructure, agricultural machinery, mining machinery, etc.).

For implementation of a program in 2018, federal budget will allocate 17.59 RUB bn., then the volumes will be increasing to 45 RUB bn. In 2022, the entire expenditures will be about 163 RUB bn. (Taking into account the funds of companies and regions it will be about 769.6 RUB bn.). Half of the funds will go to the motor-vehicle industry (around 81 RUB bn.), which now provides about 98% of the total volume of gas consumption as motor fuel. About 42 RUB bn. will be allocated for railway transport; 22 RUB bn. for the marine and inland water transport; 8 RUB bn. for the air transport (talking about using gas fuel in air transport); 9 RUB bn. for the specialized machinery. Around 1 RUB bn. is required for the research and development program. At the end of this program, the emissions from the automobile transport will decrease by 30% in Russian Federation and the gas consumption will increase in 3.9 times (comparing with 2015), up to the 2.17 billion cub. m (1.5 billion cub. m of CNG – compressed natural gas and 670 million cub.

m of LNG - liquefied natural gas). The cost of fuel for one vehicle will decrease by 12% and at the 2030 it is planning to use 25-30% gas fuel instead of diesel fuel.



In car industry it is suggested to decrease transportation tax for vehicles that use gas fuel, by 2018 the revenues can be 53.6 RUB mln.; in 2019 – 183.1 RUB mln.; in 2020 – 236.2 RUB mln. (a similar advantage was also offered for a specialized machinery). It is also proposing to decrease road tolls for the owners of gas engine vehicles and to reduce fees for cargo exceeding 12 tones, provide preferential parking lots, also there is proposal to subsidize purchases of NGV (Natural Gas Vehicles). The Ministry of Industry and Trade of the Russian Federation told that in 2016 under the current support program of natural gas use (by such manufactures as KamAZ, GAZ and Volgabus) the provided subsidies were 3 RUB bn. A total of 2075 units of vehicles were delivered. In 2017 the subsidies is planned to allocate 3 RUB bn.

Nowadays the gas share as a motor fuel in Russia is only 0.5% (gasoline – 60.3%, diesel fuel – 37.1%, liquefied hydrocarbon gas – 2.1%), in 2015 its consumption amounted 495.6 mn cubic meters, 3,2 thousand NGV were sold, another 5 thousand were converted for gas usage. By the beginning of 2016 in Russian Federation there are 366 automatic gas filling stations. According to the Ministry of Transportation in 2016 a retail price of cubic meter of methane (by energetic properties equal to 1 liter of gasoline) was 14 rubles, it is twice or even three times cheaper than gasoline or diesel. According to the forecast, the number of NGV will grow 3.2 times by 2022, up to 456 thousand vehicles.

Subsidizing the purchase of NGV, locomotives and ships (using LNG), budget funds are planned to allocate for State Transport Leasing Company (GTLK) capital increase, for custom vehicles subsidies – in “Rosagroleasing”. GTLK announced that they took part in a working group on elaboration program and highlighted that they invested more than 8 RUB bn. in NGV equipment supply.

In other industries volume of gas consumption is insignificant, according to state program materials there is no batch manufacturing and infrastructure is not developed. For development it is planned to increase the number of NGV filling stations from 400 in 2015

to 1.05 thousand in 2022, taking into account Gazprom`s investment plans. State regulation measures include gas- turbine engine production for locomotives: a number of gas-diesel locomotives and gas-turbine locomotives will amount 12 pieces by 2020 year, gas consumption by railway services will increase to 136,6 thousand tons annually.

It is also suggested to subsidize maritime and inland water ships purchases: in 2022 a number of LNG maritime ships will amount 14 pieces, inland water ships – 6; 3 LNG refueling bases will be built in sea and river ports. The number of aerodrome equipment (using gas) will amount 80 pieces (their gas consumption will be only 0.4 million cub. m) in 2022. The number of custom vehicles will amount 7.5 thousand pieces by 2022, for their needs a network of 75 gas stations will be formed. In 2022 gas consumption will be 254.9 million cub. m.

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