Public Private Partnership in the energy sector of Russia: legal aspect.

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Abstract: The perspective of various forms of cooperation between the state and the private enterprises in the areas, including energy sector, in which the state has traditionally been the monopolist is currently one of the most “hot topics” in discussions of scientists and politicians in Russia. Public Private Partnership (hereinafter - PPP) is one of the best forms of such cooperation working successfully in many foreign countries.

PPP is a new category for the Russian legal science and practice. Although there is no special law on legal regulation of PPP and not many projects are maintained now, the topic of amending and adopting new investment laws, including the law on PPP, has recently become highly topical in Russia. Five new investment laws have been adopted during last 10 years, including those concerning energy sector. This article provides an overview of the current and potential role of PPP in the Russian energy industry.

Key words: concession agreement, concessions, energy code, energy conservation, energy efficiency, Energy Strategy of Russia, feudal dukes (knyaz’ya), fief-office (komlenia), free custom zone, free economic zone, guests, internal concession, inter-regional energy infrastructure, joint venture, mixed societies, natural monopoly, NewCo, production sharing agreement, project finance, Public Private Partnership (PPP), pure concession, regional energy infrastructure, special economic zone, SPV, tender procedures, "umbrella" construction, zones of territory development

1. Concept and practice of PPP in Russia

a) Cooperation of business and government in Russia: historical aspect

Russia has a long history of relations between business and the government. Since ancient times, the state has worked with individuals, giving them a part of its exclusive rights on certain terms and conditions in order to solve socially significant problems.

Russian feudal dukes (knyaz’ya) developed the system called fief-office (“komlenia”) which means that the officials, for example, the collectors of fine, had the right to fulfill their needs in food etc. at the expense of the local population during the period of service. Apart from it, some special duties were established in favor of officials who maintained the police functions.

The first farming (“otkup”) (customs, salt and wine) in Russia was introduced in the late XV century - the beginning of the XVI century. Catherine II mentioned wine and salt farming in Manifesto of 1765, which made it work in all regions of Russia.

In the XVI-XVII centuries, the local markets became active and the role of the state in economic life of Russia expanded. In the second half of the XVI century in the early XVII century in Russia the special rank of “guests" was created. Guests had the privilege to trade..
without restrictions, but at the same time were obliged to carry certain services for the state, for example as jurors.

In the second half of XIX - early XX century in Russia the government and business cooperated in resolving municipal problems of cities, as well as the construction of railways, factories, and other infrastructure, including energy infrastructure. For example, the construction of the first Russian refinery installation in the Caucasus was made by the bondman Dubinin in the middle of the XIX century. For 23 years this refinery was producing cleansing oil, and then oil-producing wells went in lease\(^1\).

In the first years of Soviet period foreign concessions were playing a significant role in the development of many sectors of the economy of Russia, including manufacturing, mining, agriculture and railway construction. On November 23, 1920 SNK of the RSFSR adopted a Decree called "On the general economic and legal conditions of concessions", which marked the beginning of Soviet concession policy and practice. Instruments of attracting foreign capital mentioned in this Decree were elaborated in the Model Concession Agreement (1922). From 1921 to 1929, 2200 concessions were created with the participation of German, British, American and French capital.

In the USSR the concession agreement was a bilateral agreement, which granted permission to a private partner to be engaged in a certain type of activity and at the same time defined his obligations\(^2\). Soviet concessions occurred in two main legal forms: "pure concession" and "mixed societies" (approximately 30% of the concession contracts).

In mixed societies, the Soviet state owned up to 51% of the share capital and took part in the share capital along with foreign companies. The revenues from its activities were distributed among the partners. In this aspect, the British concession "Lena Golfilds" could be served as a good example in relation to energy field. It was a Soviet Russia's largest concessionaire, whose


\(^{2}\) Bernstein, B. Landau, Machkevich B. Legal conditions of the concession activity in the USSR. Systematized materials with comments. Moscow, 1930. P. 19.
production activities focused on the extraction and processing of mineral resources of the Urals and Siberia, and covered the area from Yakutia to the eastern slopes of the Ural mountains.

Originally concessions in Soviet Russia were intended solely for the involvement of foreign private capital, but after adoption of the Decree of 12 April 1923 "On Concessions for communal (municipal) enterprises" a category "internal concession" came into use, and the concession scheme started to be available also for the citizens of the USSR.

In 1937 the concession scheme was forbidden. From that moment the cooperation between business and the state in this form stopped. Only Japanese oil concession on Sakhalin was extended by Secret Decision of the CPC from 5 July 1938. The Soviet ideology did not accept the idea of PPP as the private sector did not exist legally.

The new birth to the idea of cooperation of business and state was given only in 90th of the XX century. In this period of time first laws in investment field were adopted. The main were RSFSR Law of June 26, 1991 N 1488-1 “On Investment Activity in the Russian Federation”\(^3\), the Federal Law of February 25, 1999 N 39-FZ “On Investment Activity in the Russian Federation, the form of capital investments”\(^4\), the Federal Law of 09.07.1999 N 160-FZ “On Foreign Investments in the Russian Federation”\(^5\) (hereinafter - the Law on Foreign Investments) and others.

\textit{b) contemporary approach to the definition of PPP and legal basis for its implementation}

Currently there is no unified approach to the definition of public-private partnership neither in law, nor in legal literature. In science PPP is considered as the principle of interaction between government and business, and as a legal form of such interaction. PPP is an “umbrella” construction, which suggests the possibility of combining different legal instruments to make the project, including those which are already fixed by law.

There is no federal law on PPPs in Russia, but PPP projects can be implemented on the basis of provisions of the Civil\textsuperscript{6} and Budget codes\textsuperscript{7}, the Federal Law of 21 July 2005 N 115-FZ "On Concession agreements"\textsuperscript{8} (hereinafter - Law on concession agreements), the Federal Law N 225-FZ of 30 December 1995 “On production Sharing Agreements”\textsuperscript{9} (hereinafter - Law on production sharing agreements), etc. Moreover some legislative acts on PPP have been adopted at the regional level: in St. Petersburg, Altai Republic, Dagestan and Kalmykia, in the Tomsk and Kemerovo regions to mention but a few. In most cases regional acts are more flexible then federal acts in terms of legal regulation of PPP schemes.

One of the most discussed matters in the field of investment law now is the Draft Law “On the basis of public private partnership in the Russian Federation”\textsuperscript{10}. It has not yet been adopted but it is supported by the government. The Draft law is a typical “umbrella law” giving some definitions, principles and forms of doing PPP in Russia.

For example it defines PPP as: a cooperation between a public partner, on the one hand, and a private partner, on the other hand, carried out on the basis of tender procedures, aimed at improving the quality and accessibility of services for the population, as well as at attracting private investments into the economy. We do not consider such a definition acceptable. Most scientists do not find this Draft law effective from the beginning up to the end and are against of its adoption. Some scientists are against the Law regulating PPP in general.

2. **PPP in the Energy Strategy of Russia**

The main goals and objectives of further energy sector development in the Russian Federation are formulated by the Order of the Government of the Russian Federation of


\textsuperscript{7} CoL of RF. 03.08.1998. N 31. Art. 3823.


\textsuperscript{9} CoL of RF. 01.01.1996. N 1. Art. 18.

\textsuperscript{10} http://www.consultant.ru/law/hotdocs/24370.html
According to the Energy Strategy, PPPs will be used to achieve energy security, the development of energy infrastructure, exploration and development of new deposits, to maintain strategic initiatives in the implementation of energy projects and to ensure the fiscal effectiveness in energy sector.

The Energy Strategy will be implemented in three phases. According to the developers of the Strategy, the use of PPPs would be particularly relevant on the second stage, when the direct public participation in the development of the energy sector will be replaced by various forms of public-private partnerships, especially in the construction and modernization of energy infrastructure and development of innovation.

There are several possible ways of using PPP in the energy sector.

The first way is to develop the regional and inter-regional energy infrastructure with the help of PPP. For example, Kurgan HPP-2 has been built recently as a part of regional energy program of Kurgan region with the participation of private investor LLC "Intertechelectro - New Generation". HPP is planned to be put into operation in September this year. The project was developed in the legal form of several agreements: the agreement on cooperation in the construction of new infrastructure between "Intertechelectro - New Generation" and the Government of Kurgan region, the agreement with the Czech company PSG-international AS, which stands in the project as the contractor and has to build a combined-cycle cogeneration power plant, lease agreements, an agreement to provide the investment fund of the Russian

Federation and the terms of financing the project, etc. I can’t but mention that the Kurgan plant is built almost entirely by private investors, with the use of export credit schemes (Czech Bank funding Czech supplies). Co-financing came from the Investment Fund of the Russian Federation in the amount of only 10%.

The second way to use PPP is to let private investor manage the infrastructure facilities more effectively. As an example of management on the basis of PPP we can give the activities of JSC "Energocomplex", which is obliged to build and operate 14 facilities in the electricity infrastructure as a part of a citywide program to modernize electric grid of the city of Moscow. The funding comes in the amount of 40 billion rubles from VTB Bank for a term of 6 years. In 2008 the first substation "Grach" was put into operation in the south-west of Moscow, then the substation "Yashino" in the northern administrative district of Moscow. This project is the largest power grid project in Russia with the money of a commercial bank.  

The third way is to use PPP for rendering public services. As an example, we can serve investment project "Energy development of housing complexes municipalities of the Sverdlovsk region", implemented on the basis of PPP. It involves LLC "EC" ENEKO in the implementation of the program of capital investment in the construction of heat supply facilities in the Sverdlovsk Region.

The fourth way, is to use PPP to build sustainable national system of innovation in the energy sector, in particular through the creation of a unified system of research and development centers, which operate on the principle of PPP and ensure the entire process from the beginning of development to the marketing of innovation in the energy sector, as well as training.

For example, in Saratov region it is planned to make a pilot project in the field of housing and public utilities. Under the concept of this project the modernization of public heat supply plants is planned. The sum of investment in this field will be 1.2 milliards of rubbles. The aim of

12 http://ecomplex.ru/content/view/28/41/lang.ru/
the project is to implement new models of management of heat supply infrastructure its reconstruction and modernization with innovative energy saving technologies.

The fifth opportunity is to use PPP to solve the problem of energy conservation and energy efficiency. For example, through the mechanism of PPP the household and industrial light bulbs can be replaced with energy saving bulbs\(^\text{13}\).

3. **Energy markets in Russia: legal aspect**

Taking into account the state and public significance of energy field, the government has to control the investment flows in this field and to direct them to the segments, where they are necessary and desirable. The legislator is aimed to find the balance between public interests on the one hand and private interests of the investor on the other hand. The best solution for this balance is PPP. According to P.G. Lakhno, the legal regulation of PPP in the energy field must become one of the key tasks of the Energy Code of the Russian Federation\(^\text{14}\).

Currently there is no Energy Code in the Russian Federation. Energy field consists of several different segments and several different energy markets exist at the same time (either competitive or monopolistic). Each of these markets has its own peculiarities in its organization and legal regulation accordingly. This fact stipulates the differences in the investment activity on various markets. We will give a brief overview below.

a) **Investment in oil and gas**

Oil and gas are the most potentially profitable segments of the Russian energy field and therefore the most attractive for the investors. There are several variants of the investment activity in these sectors.

Both segments are open for direct investments. The gas market in the Russian Federation is more monopolistic and the oil market is more competitive, but the trend is that both of them tend to become competitive.

\(^{13}\) http://pppcenter.ru/ru/activities/researches/statya-pavla-selezneva

In terms of gas market, it is true to say, that natural gas producers in Russia include not only Gazprom, but integrated oil and gas companies and other gas producers (including independent gas producers and isolated gas producers). Direct investments can be made in integrated oil and gas companies and independents.

As far as the oil market is concerned direct investments are very welcome in this segment. There are several joint ventures with foreign investors on the Russian oil market and the participation of the foreign investor in charter capitals of Russian entities is not an exception either. The bright example of a joint venture in oil and gas is TNK-BP which is the largest foreign investment in Russia.

Apart from it, the investments in gas and oil can come from portfolio investors such as investment funds. There are some investment funds specializing on oil or gas, for example BCS – fund of oil and petroleum chemistry. Moreover there are investment funds of blue chips. Blue chips in the Russian Federation include inter alia oil and gas companies and are very popular among investors (for example shares of OJSC “Gazprom”).

**b) Investment in electricity and capacity markets**


The economic foundation of functioning of the electric power industry is the system of relations connected with production and movement of electricity and capacity in the wholesale and retail markets. The technological foundation of functioning of the electric power industry is the Unified National Power Grid (monopolist), territorial distribution networks through which electricity is transmitted and the unified dispatching administration system.

The general principles of organization of economic relations and the foundations of government policy in the domain of the electric power industry are, inter alia, using market

relations and competition as one of the principal tools of forming a stable system of satisfying electricity demand. That works provided that proper quality is ensured and the value of electricity is minimized and ensuring economically feasible return on investment used in the execution by electric power industry’s entities of activities to which government regulation of electricity and heat prices (tariffs) applies.

The fundamental principle of government regulation and control in the electric power industry shall include creating necessary conditions for attracting investments for the purposes of development and functioning of the Russian electric power system.

Regulation of the investing activities of the Unified National Power Grid management organization, including the approval of long-term models and programs of development of Unified National Power Grid, capital investment plans and their enforcement, shall be carried out by the federal executive bodies in accordance with the procedure defined by the Government of the Russian Federation.

This sector needs private investments to construct and maintain electricity transmission lines and other infrastructure.

c) Investments in heat supply

The Federal Law of the Russian Federation dated 27 of July 2010 N 190-FZ “On Heat Supply”\(^{16}\) regulates the sector of heating. There has been a reform in this sector recently aimed to attract more investments in it.

First of all, to modernize the heating sector, investors need to rely on tariff methodologies and structures that enable them to recover the capital costs of their energy efficiency investments and to earn a reasonable return on capital. That’s why an economically feasible return on investment method is the most adequate in this sector.

\(^{16}\) CoL of RF. 02.08.2010. N 31. Art. 4159
By determining general principles for the organization of heat production and supply, the government of the Russian Federation brings consistency to the regulation of this sector, determining tariffs for electric and thermal energy.

Secondly, due to the absence of investment in modernization of infrastructure, the large majority of the plants and boilers in Russia are obsolete. According to Energy Strategy, between sixty-five and seventy percent of infrastructure is fully depreciated. That’s why it is so important to attract investments in this sector.

There are no peculiarities in direct investments in heating, and portfolio investments are not very popular in this sector in Russia. Public-private partnership is a good solution for the heating sector, and several of such projects have been in place recently as one in Saratov region, mentioned above.

\textit{d) Investment in nuclear energy}

The investment policy of the government in the nuclear power industry shall be aimed at developing nuclear power plants through the creation of favorable economic conditions and the conditions of government regulation of prices (tariffs) which are favorable for the formation of proprietary and raised investment funds in accordance with the governmental nuclear power industry development programs (p. 5 art. 29 of Law on electric-power industry). The strategic significance of nuclear industry stipulates the peculiarities of the legal regulation in this sector.


The existing of such institution as Rosatom which is the key player in the sector of the nuclear energy in the Russian Federation determines the investment process in nuclear energy

\textsuperscript{17} CoL of RF. 27.11.1995. N 48. Art. 4552.
\textsuperscript{18} CoL of RF. 03.12.2007. N 49. Art. 6078.
and stipulates its peculiarity. It is possible to make joint ventures or new companies together with Rosatom with the participation of private capital.

For example, JSC "AKME-engineering" (Atomic Energy Complexes Minor) is a joint public-private company, which is equally owned by state corporation "Rosatom" and the Power Coal Company JSC "Irkutskenergo" (controlled by En + Group). The company was founded in 2009 for the development and commercialization of nuclear power plants with reactors of the new generation.

4. **Legal forms of implementation of PPP projects in Russia**

   **a) Concession agreement.**

   Concession scheme is one of the most popular form of implementation of PPP projects all over the world. In Russia there is the Law on concession agreements. Under this Law, the concession agreement fix that one party (the concessionaire) shall at his expense create and (or) reconstruct the agreed real property, the ownership of which is owned or will be owned by another party (the grantor) and to carry out different activities including operation of the object under the concession agreement; and the grantor agrees to provide the concessionaire with the object under the concession agreement with special rights in relation to it for the implementation of such activities for a period specified by the agreement (Section 1, Art. 3 of the Law on concession agreements). Concession agreements can be concluded in terms of pipeline transport facilities, waterworks, facilities on production, transmission and distribution of electricity and heat, public utility infrastructure systems and other objects of community services, including water heat gas and energy saving (p. 1 art. 4 of the Law on concession agreements).

   The Decrees of the Government of the Russian Federation set the model agreements for the construction of such objects. For example, Government Decree of 11.11.2006 N 673 "On approval of model concession agreements with respect to facilities for the production, transmission and distribution of electricity and heat". On the one hand, the fact that “model

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concession agreements” are settled, means that the parties are not actually free in discussing the terms and conditions of the agreement, on the other hand, these model agreements are the examples of so to say “best practice” (though we have not got enough practice yet).

Unfortunately there are less concession schemes in Russia then there are in foreign countries and the legal form is not flexible enough. The use of concessions in relation to the modern Russian natural monopolies is still rare and almost not developed in the fuel and energy complex, although it seems to be promising. Russia is just in the beginning of the way of implementation of PPP.

Note that some foreign concession schemes are mentioned in regional legislation and can be implemented in some regions of Russia. For example, Moscow has considerable experience of the concession scheme "BOOT" (build, own, operate, transfer) in the field of housing projects on the basis of investment contracts. The design and construction of gas turbine power plant "Scherbinka"20 has been successfully implemented in this form.

We emphasize, that the schemes of public private partnership proposed in the regional legislation, are not actually the “concession” in the definition of the Law on Concession Agreements, offering a more flexible scheme.

**b) Production sharing agreement.**

The legal form of doing business in oil and gas according to the Law on production sharing agreements, is production sharing agreement. The main concept of production sharing agreement is that the Russian government grants the investor an exclusive right to prospect, develop and produce mineral resources from a subsurface area during the set period of time and the investor guarantees the development of such mineral deposits at his own risk and expenses. Besides in accordance with the abovementioned law the government guarantees the investor stability in fiscal and regulatory issues.

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Under Russian law, a production sharing agreement is a contract, according to which the Russian Federation gives the investor a fee-based and fixed term exclusive rights for prospecting, exploration, extraction of minerals in the subsoil, specified in the agreement and to perform related works, and the investor undertakes to carry out these works at his own expense and risk. The agreement specifies all the necessary conditions associated with the use of mineral resources, including the conditions and procedure for production sharing agreement between the parties (Section 1, Art. 2 of the Law on production sharing agreements).

Although this law was directed to attract foreign investors and regulate the government's relationship with oil producing companies, the production sharing agreements have not become very popular in Russia because of a difficult mechanism of concluding.

c) Joint venture or NewCo

In relation to direct investments and joint ventures it’s true to say that any party considering an investment in the energy sector must choose between the acquisition of an existing company and the establishment of a new company. The other variant is to make joint venture. The types of investors can also be different. Some prefer to attract portfolio investors from a wider spectrum while others prefer strategic investment.

d) Special economic zones and zones of territory development

There are different terms to refer to the territory with a special legal status of the business activities in Russia. National legislation of 90's gave the preference for the more general term "free economic zone" (for example, near Nakhodka), which, however, was not defined legally.

In the current law the term "special economic zone" was chosen. This term was determined in the Federal Law of 22 July 2005 N 116-FZ "On Special Economic Zones in the Russian Federation"21 (hereinafter - Law on Special Economic Zones). According to this Law, special economic zone - is the territory of the Russian Federation determined by the Government

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of the Russian Federation, where a special mode of doing business exists, and the custom procedure of a free custom zone can also be applied”.

The special economic zone is a defined set of activities: the establishment of a special tax regime for residents of the economic zone, the creation of special economic zone authorities, etc.

The Federal Law of 3 December 2011 N 392-FZ "On the territorial development zones in the Russian Federation and on Amendments to Certain Legislative Acts of the Russian Federation" (hereinafter - the Law on the territorial development zones) has introduced another term - a zone of territorial development. The explanatory note to the bill stated that the draft Law was prepared in order to reduce the differences in socio-economic development of the regions of Russian Federation by creating a favorable investment climate in the regions which lack investments.

Note that the difference between special economic zone and territorial development zones lies in the purposes of their creation. The purpose of creation of special economic zones is to develop manufacturing industries, high-tech industries, tourism, health resort industry, port and transport infrastructure, technology development and commercialization of the results of new products (Article 3 Law on Special Economic Zones). And the purpose of creation of territorial development zones is to improve the economic situation in the region.

Thus territorial development zones and special economic zones are two different types of zones: the zone of rapid economic development and the zone for the development of some sector of economy. Meanwhile, if to define the purpose more generally, it may be noted, that the purpose of the creation of both zones is the same – to attract investment (in industry or region) and to create some sort of public private partnership.

5. **Project Finance: the problem of legal form of SPV**

As PPP supposes to use project finance scheme in many cases of structuring PPP projects, especially in energy sector, legal regulation of project finance becomes an extremely important issue. As project finance supposes to include agreements of different types between
the parties and is more an economic category than a legal one, Russian scientists and legislators prefer not to invent special legal regulation in relation to projects finance.

There was a Draft Law several years ago on project finance, but it was not adopted.

The issue with project finance which exists under Russian civil law has something to do with the possible legal form of SPV. Under Russian law the appropriate form does not exist as there is no possibility to make “bankruptcy remote entity”. Apart from it there are no instruments to restrict the legal capacity of the legal entity to make it just SPV in the frame of PPP project, but not a full-scale legal entity with all the possibilities allowed under the civil law.

Several draft laws tried to solve the problem but were not a success. Last year a new Federal Law of 03.12.2011 N 380-FZ “On business partnerships”22 was adopted and one of the ideas was to use this form as an SPV. Currently there is not enough practice in creation of business partnerships to make any conclusions.

Meanwhile project finance scheme is used in international investment projects where Russia takes part. For example, a number of large pipeline construction projects on project finance scheme have been undertaken recently (for example, «Nord stream» and «Blue Stream»).

6. Restrictions on PPP in energy sector

a) Restrictions concerning foreign investments

The development of upcoming trends in energy sector and maintaining of the existing energy infrastructure needs investments, and budget funds are not always insufficient for the efficient management in the field. Therefore the government of the Russian Federation is interested in investment generation from non-budgetary sources, including foreign investments.

One of the main goals of the government nowadays is to create favorable investment climate to attract foreign investments in Russia in the fields where the government finds it

desirable. Russia has accumulated considerable positive experience of attracting foreign private
capital into the economics of the country.

Meanwhile, the current legislation provides for a number of restrictions on the
participation of foreign investors or groups of persons in the statutory capital of business entities
of strategic importance for national defense and state security, including those engaged in
geological exploration and (or) exploration and mining operations on subsoil plots of federal
significance.

Among the activities that have strategic importance, the Federal Law of 29.04.2008 N
57-FZ "On Foreign Investments in Business Entities of Strategic Importance for National
Defense and State Security"\(^{23}\) identifies 42 sectors, that can be divided into four blocks -
activities in the field of mining; activities on issues related to the defense of the country; the
activities of the media, as well as monopolistic activities (metallurgy, communications, natural
monopolies, etc.).

Strategic entities include strategic subsoil users in subsurface areas with federal status.
The list of subsurface areas with federal status is published in the Russian gazette N 37 dated 05
March 2009.

\textit{b) restrictions concerning natural monopolies}

The restrictions on foreign investments are not the only restrictions in the energy sphere.
Some restrictions are connected with the status of natural monopoly in the energy field.

Natural monopolies are important elements of the Russian economy. Natural monopoly
supposes that in the market the demands are met more efficient in the absence of competition
due to the technological aspects of production (due to the significant decrease in the cost of
production per unit by increasing the volume of production), and goods made of natural
monopolies can not be replaced in the consumption of other goods, and therefore the demand for
the product market for goods produced by natural monopolies, to a lesser extent depends on the

\(^{23}\) CoL of RF. 05.05.2008. N 18. Art. 1940.
price change of this product than demand for other types of goods (Article 3 of the Federal law August 17, 1995 N 147-FZ "On Natural monopolies"\textsuperscript{24}).

In accordance with this Law (Article 4) the activity of natural monopolies is regulated in the following areas: transportation of oil and oil products through pipelines, transportation of gas through pipelines, rail transportation, services at transport terminals, ports and airports, telecommunications and public services public postal communication services for the transmission of electric energy services for operational dispatch management in the power industry, services for the transfer of heat energy services using the infrastructure of inland waterways. These are precisely the areas in which the use of PPP is the most promising.

Natural monopolies are either owned by the state or are under its strict control. The legal regime of natural monopoly is exceptional, and its setting is a form of government regulation of the economy. Main instruments of the state regulation of public private partnership in natural monopolies are: price regulation, the definition of consumers subject to obligatory service, establishing a minimum level of security in case of failure to meet the full needs of goods produced by a natural monopoly, etc.

7. \textit{Conclusion}

In the current moment it is not possible to analyze the results of PPP projects in Russia, because most of them are on the indicial stage of realization. Nevertheless PPP seems to be an effective form of investment in Russia.

\textsuperscript{24} CoL of RF. 21.08.1995. N 34. Art. 3426