

Binding Russia to establish a nationwide system of state regulation, Kyoto Protocol major provisions serve as a guiding basis for our country's major greenhouse gas emitters including JSC Gazprom

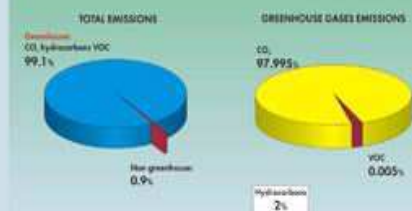
The Company's energy intensity is the second-largest in fuel-and-power sector of Russia and its activities make certain impact on the environment. The main volumes of carbon dioxide (CO<sub>2</sub>) and methane (CH<sub>4</sub>) atmospheric emission by Gazprom are shown in Fig.1

The creation of system of greenhouse gases emission assessment and monitoring covering legal aspects, quality measurement issues and their registration, calibration and management is the priority line in JSC Gazprom activity

Gazprom should meet the following challenges at present:

- Complete preparatory work to create infrastructure needed for entering the "carbonic market";
- Complete greenhouse gas emission inventory;
- Introduce corporate system of emissions measurement and control;
- Prepare a feasibility study for "carbonic projects";
- Provide an independent evaluation of potential carbonic projects (validation);
- Create corporate governance arrangements for managing "carbonic" investments.

Fig.1 The structure of atmospheric emissions by Gazprom in 2005

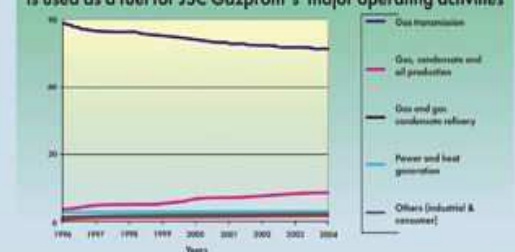


Total greenhouse gases emissions (CH<sub>4</sub>+CO<sub>2</sub>) and dynamics of CO<sub>2</sub> emissions when the hydrocarbons are used as fuel for JSC Gazprom shown in Fig. 2 and 3

Fig.2 Total CO<sub>2</sub> and CH<sub>4</sub> emissions by hydrocarbon fuels in 1990 - 2012 timeframe



Fig. 3 Dynamics of CO<sub>2</sub> emissions when the natural gas is used as a fuel for JSC Gazprom's major operating activities



Cooperative researches of Russian and foreign experts confirmed that methane volumes emitted by the Russian gas transmission system are much lower than normative values. Natural gas leakages volumes of JSC Gazprom are less than 1% of transported gas volumes (Fig.4 and 5)

Fig.4 Methane emissions by different classes of objects (estimated)

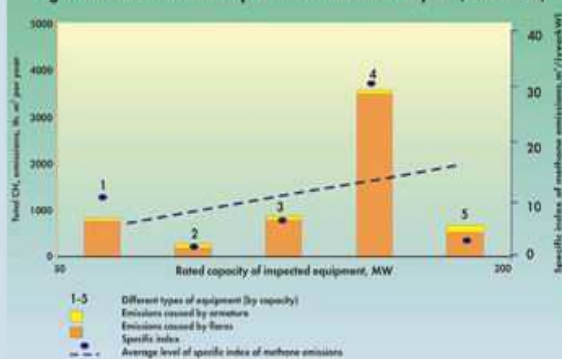


Fig.5 Total JSC Gazprom greenhouse gas emissions in 2004

Methane	bln m <sup>3</sup> per year	5,9
	In mln t per year of CO <sub>2</sub> equivalent	86,7
CO <sub>2</sub> while natural gas is burnt	mln t per year	102,5
<b>Total,</b>	<b>mln t per year (in CO<sub>2</sub> equivalent)</b>	<b>189,2</b>

Fundamentals of JSC Gazprom corporate system of emissions measurement and control are:

- Selection of calculation (measurements) methods and of the procedure for data input and quality control (with provision of cross-checks during the data gathering process);
- Book-keeping of the information on greenhouse gases emissions;
- Reduction of uncertainty (sources category level and base level);
- Automated system for greenhouse gases emissions registration;
- Russian and foreign companies experience.