

General Cost Optimization

General cost optimization principles

In 2012, JSC "RZD" continued to take consistent measures aimed at cost saving due to enhanced energy efficiency, introduction of resource saving technologies, check to prices and other administrative and technical measures.

Introduction of resource saving technologies at rail transport results in saving of fuel and power resources, integration of LED equipment, reduction in consumption of materials, etc.

Economic benefit is secured by the following activities:

- ▶ optimized use of labor resources and reduction in labor intensity of production processes;
- ▶ efficient use of materials;
- ▶ reduction in fuel and energy costs;
- ▶ transfer of a part of transit car traffic volumes from diesel to electric tracks;
- ▶ enhanced transit capacity of car traffic volumes due to railway yard operation and increased exit routing.

A set of actions to ensure saving of fuel and energy costs is ensured by the Traction Directorate and the current economic benefit includes:

- ▶ assurance of high-quality rating of fuel and energy resources for hauling operations and control over arrangement of line heat engineering operations, introduction of the common automated diesel fuel accounting system in a number of depots;
- ▶ equipment of locomotives with:
 - ▶ self-contained heating system, which enabled reduced diesel fuel consumption by diesel locomotives for hot detention;
 - ▶ more precise diesel fuel consumption accounting system;
 - ▶ automated driving systems to reduce specific consumption of fuel and energy resources due to application of energyoptimal train driving modes;
 - ▶ restoration of regeneration braking systems on DC locomotives in a number of railways.

A common technology for locomotive delivery to trains and their running to depots by swing locomotive shifts at railway yards was further on improved with regard to local conditions and technical retooling of stations. Efforts were taken to revise the mode and technology of operation of railway stations, consolidate them under common management and close low-intensity stations.

Continuous cost management efforts and implementation of the medium-term cost optimization program secured an increase in the unit cost of transportation of JSC "RZD" in 2012 (in kop./10 virt. tkm) in comparable conditions at a level of 3.2% with an industrial price advance by 6.8%.