

Additional information on tariffs

Tariffs for electricity transmission services

On 31.12.2017 the long-term regulatory period (hereinafter referred to as the LTRP) for branches of IDGC of Centre ended, with the exception of Lipetskenenergo.

2019 is the next year of the current LTRP, as in 2018 the long-term regulatory parameters were set:

- the new LTRP by the method of RAB regulation (2018-2022) – Yarenergo;
- the new LTRP using the long-term indexation method (2018-2022) – Belgorodenergo, Bryanskenergo, Voronezhenergo, Kostromaenergo, Kurskenenergo, Orelenergo, Smolenskenergo, Tverenergo;
- extension of the RAB regulation until 2020 in the Tambovenergo branch (approved by the FAS of Russia dated 21.12.2017 № 1743/17).

For Lipetskenenergo, 2019 is the third year of the next LTRP (2017-2021), and its regulation is carried out by the method of long-term indexation.

Characteristics of the applied methods of tariff formation:

Method	RAB-regulation	Long-term indexation of RGR
The required gross revenue (RGR) is established in accordance with:	Methodological guidelines approved by Order of the Federal Tariff Service of Russia dated 30.03.2012 № 228-e	Methodical guidelines approved by Order of the Federal Tariff Service of Russia dated 17.02.2012 № 98-e
The structure of RGR includes:	<ul style="list-style-type: none"> - Costs associated with production and sale of products (services) for a regulated type of activity (controlled and uncontrolled). - Funds for the return of equity and borrowed capital. - Return on invested capital. - Smoothing. - RGR adjustment. 	<ul style="list-style-type: none"> - Controlled expenses (OPEX), including expenses under collective agreements and other expenses from profit. - Uncontrolled expenses, which include depreciation, expenses on repayment and servicing of borrowed funds, capital investments from profit. - RGR adjustment.
Long-term regulatory parameters for the calculation of RGR:	<ul style="list-style-type: none"> - Basic level of operating expenses. - Operating expenses performance index. - Amount of invested capital. - Net working capital. - Rate of return on invested capital. - Term of return on invested capital. - Ratio of elasticity of controlled expenses by the number of assets. - Level of losses of electric energy during its transmission through electric grids. - Level of reliability and quality of goods (services) sold 	<ul style="list-style-type: none"> - Basic level of controlled expenses. - Index of the effectiveness of controlled expenses. - Ratio of elasticity of controlled expenses by the number of assets. - Level of losses of electric energy during its transmission through electric grids. - Level of reliability and quality of goods (services) sold

Average weighted “boiler” tariffs for electric energy transmission services broken down by the branches

Branch	Average tariffs for electric energy transmission services, kopeck/kWh		
	2017	2018	2019
Belgorodenergo	142.7	179.7	186,2
gain%	20.6%	25.9%	3,6%
Bryanskenergo	142.1	144.1	151,5
gain%	4.5%	1.4%	5,1%

Voronezhenergo	170.2	175.8	183,4
gain%	5.5%	3.3%	4,3%
Kostromaenergo	210.9	216.8	221,4
gain%	5.9%	2.8%	2,1%
Kurskenergo	170.2	239.9	244,8
gain%	30.0%	41.0%	2,1%
Lipetskenergo	160.8	195.5	196,4
gain%	18.8%	21.6%	0,5%
Orelenergo	216.1	222.9	228,1
gain%	3.8%	3.1%	2,4%
Smolenskenergo	218.5	219.7	221,5
gain%	4.0%	0.5%	0,8%
Tambovenergo	208.7	214.8	217,9
gain%	3.9%	2.9%	1,4%
Tverenergo	241.2	243.2	244,8
gain%	7.2%	0.8%	0,7%
Yarenergo	164.6	176.6	179,6
gain%	13.6%	7.3%	1,7%
Total	176.7	196.2	200,9
gain for IDGC of Centre	13.1%	11.1%	2,4%

Required gross revenue (RGR)

Changes in RGR of IDGC of Centre in 2017-2019

Branch	Required Gross Revenue (RGR), mln RUB					
	2017		2018		2019	
	Total	Own	Total	Own	Total	Own
Belgorodenergo	12 922	7 798	12 582	7 619	12 427	7 475
gain%	-4.5%	-2.4%	-2.6%	-2.3%	-1,2%	-1,9%
Bryanskenergo	4 909	2 497	5 199	2 655	5 407	2 649
gain%	2.7%	-2.0%	5.9%	6.3%	4,0%	-0,2%
Voronezhenergo	12 996	5 540	14 063	6 048	14 903	6 314
gain%	4.7%	3.5%	8.2%	9.2%	6,0%	4,4%
Kostromaenergo	4 950	3 040	5 173	3 130	5 270	3 131
gain%	5.0%	4.7%	4.5%	3.0%	1,9%	0,0%
Kurskenergo	7 008	2 880	7 064	3 087	7 321	3 234
gain%	-1.0%	0.0%	0.8%	7.2%	3,7%	4,8%
Lipetskenergo	9 110	3 986	9 345	4 321	9 487	4 321
gain%	-1.8%	0.3%	2.6%	8.4%	1,5%	0,0%
Orelenergo	4 478	2 305	4 770	2 464	4 927	2 499
gain%	5.4%	3.9%	6.5%	6.9%	3,3%	1,4%
Smolenskenergo	7 307	4 401	7 648	4 467	7 780	4 441
gain%	5.2%	1.8%	4.7%	1.5%	1,7%	-0,6%
Tambovenergo	5 659	2 892	6 021	3 116	6 088	2 925
gain%	4.3%	2.6%	6.4%	7.7%	1,1%	-6,1%
Tverenergo	10 225	4 564	10 913	4 729	11 003	4 967
gain%	4.1%	8.6%	6.7%	3.6%	0,8%	5,0%
Yarenergo	9 418	4 883	9 909	5 054	9 979	4 869
gain%	12.1%	15.2%	5.2%	3.5%	0,7%	-3,7%
Total	88 981	44 786	92 686	46 689	94 592	46 824
	2.7%	3.1%	4.2%	4.2%	2,1%	0,3%

In 2019, the gain of the “boiler” RGR of IDGC of Centre was + 2,1% relative to 2018.

Unified (boiler) tariffs for electric energy transmission services were approved:

- exceeding the marginal tariff levels in the Belgorod and Voronezh regions. The increase in single-rate tariffs from 01.07.2019 was +7% and +5%, respectively;
- within the maximum limit levels approved by the FAS of Russia by the region: Bryansk, Kostroma, Kursk, Lipetsk, Orel, Smolensk, Tambov, Yaroslavl regions;
- below the maximum limit levels in the Tver region.

IDGC of Centre’s share in Required Gross Revenue (RGR) of the regions of the service area in 2019

Region/branch	RGR without payment for losses, thous. RUB	RGR of the region, thous. RUB	Share of the branch, %	Other Territorial Grid Companies, %
Belgorodenergo	9 712 133,49	9 903 304,77	98,07%	1,93%
Bryanskenergo	4 477 021,30	6 204 464,00	72,16%	27,84%
Voronezhenergo	9 404 694,34	11 237 894,56	83,69%	16,31%
Kostromaenergo	4 187 205,33	4 327 303,45	96,76%	3,24%
Kurskenenergo	4 567 477,80	5 571 339,50	81,98%	18,02%
Lipetskenergo	6 039 324,13	7 454 832,97	81,01%	18,99%
Orelenergo	3 280 826,52	3 884 459,79	84,46%	15,54%
Smolenskenergo	5 723 457,03	6 231 080,52	91,85%	8,15%
Tambovenenergo	3 844 081,88	4 923 078,00	78,08%	21,92%
Tverenergo	6 439 428,76	7 566 381,94	85,11%	14,89%
Yarenergo	6 504 768,99	7 595 116,10	85,64%	14,36%
Total	64 180 419,57	74 899 255,60	85,69%	14,31%

Tariffs for grid connection services

Analysis of the average most used standardized rate broken down by the branches¹

Type of standardized tariff rate	Belgoroden ergo	Bryanskene rgo	Voronezhe nergo	Kostromaener go	Kurskenerg o	Lipetskene rgo	Orelenergo	Smolenskener go	Tambovene rgo	Tverenergo	Yarenergo
Rate for the cost of grid connection activities, in point 16 (except subpoints «b» and «c») - R1 ² , including	5 841,00	19 732,51	17 479,3	11 886,48	11 110,67	12 006,00	15 764,15	12 949,0	11 430,37	17 973,05	14 412,42
- preparation by the grid company of technical conditions for the Applicant (hereinafter - the TC), RUB/kWh – R1.1	3 245,00	8 342,92	8 791,84	6 106,46	4 997,3	5 008,00	6 024,61	4 321,00	7 801,26	8 277,44	7 088,29
- check by the grid company of performance of the TC by the Applicant, RUB/kWh – R1.2	2 596,00	11 389,59	8 687,46	5 780,02	6 113,37	6 998,00	8 863,35	8 628,00	3 629,11	9 695,61	7 324,13
Rate for the cost of the grid company for construction of overhead power lines - R2, RUB/km, including											
- construction of a 10 (6) kV overhead line with self-supporting insulated wire SIW	2 204 711,00	1 383 721,11	1 727 749,0	2 940 887,76	2 307 465,20	1 780 422,00	1 529 688,73	3 323 617,00	1 691 165,34	2 312 750,00	1 800 202,32
- construction of a 0.4 kV overhead line with self-supporting insulated wire SIW2	1 286 650,00	1 134 259,38	1 303 211,94	1 575 169,58	1 485 800,70	1 257 461,00	1 180 878,55	1 903 156,00	1 187 465,74	1 658 540,00	1 394 723,40
Rate for the cost of the grid company for construction of cable power lines - R3, RUB/km, including											
- laying of 1 km CL 10 kV by horizontal directional drilling (HDD) method	9 115 966,00	8 863 706,31	8 563 165,05	8 509 389,66	4 164 394,90	7 960 268,00	x	11 673 070,00	6 414 545,92	8 467 000,00	8 606 207,00
- laying of 1 km CL 10 kV by cut-and-cover	2 341 847,00	3 717 622,85	3 022 543,32	4 992 102,18	3 286 327,98	2 683 788,00	2 484 976,16	3 708 257,00	2 373 005,81	2 800 000,00	3 202 688,17
- laying of 1 km CL 0.4 kV by cut-and-cover	2 081 577,00	1 250 594,69	2 303 793,45	2 040 042,95	2 422 278,67	2 246 237,00	1 870 761,08	2 407 778,00	1 204 829,18	2 634 700,00	2 980 289,71
Rate for the cost of the grid company for construction of substations - R4, RUB/kWh, including:											
single transformer	4 378,70	5 007,68	5 492,48	11 742,12	6 332,33	2 037,00	2 960,84	2 804,76	5 439,75	3 889,44	4 076,48

¹ Standardized tariff rates R2, R3 and R4 for connection to electric grids are indicated as averaged for the branch. Only the most used rates from the tariff menu are shown.

² The rates R1, R1.1, R1.2 are indicated in RUB per 1 connection.

The volume of shortfall in income of IDGC of Centre from the provision of grid connection services, included in the tariffs for electricity transmission services in 2019:

Branch	Volume of shortfall in income, thous. RUB	Regulatory acts
Kostromaenergo	367 029,8	Resolution of the Regional Energy Tariff Authority of the Kostroma region № 18/569 dated 18.12.2018, Resolution of the Regional Energy Tariff Authority of the Kostroma region № 18/642 dated 28.12.2018
Kurskenergo*	253 919,6	Resolution of the Regional Energy Tariff Authority of the Kursk region № 75 dated 21.12.2018; Resolution of the Regional Energy Tariff Authority of the Kursk region № 85 dated 21.12.2018
Lipetskenergo	239 119,5	Resolution of the Regional Energy Tariff Authority of the Lipetsk region № 55/7 dated 25.12.2018, Resolution of the Regional Energy Tariff Authority of the Lipetsk region № 55/8 dated 25.12.2018
Voronezhenergo	159 054,3	Order of the Regional Energy Tariff Authority of the Voronezh region № 55/1 dated 25.12.2018, Order of the Regional Energy Tariff Authority of the Voronezh region № 58/2 dated 28.12.2018
Bryanskenergo	104 068,2	Order of the Regional Energy Tariff Authority of the Bryansk region № 38/2-pe dated 26.12.2018, Order of the Regional Energy Tariff Authority of the Bryansk region № 38/11-e dated 26.12.2018
Yarenergo	66 082,0	Order of the Regional Energy Tariff Authority of the Yaroslavl region № 469-sts dated 28.12.2018, Order of the Regional Energy Tariff Authority of the Yaroslavl region № 467-p/ee dated 28.12.2018
Smolenskenergo	46 827,5	Resolution of the Regional Energy Tariff Authority of the Smolensk region № 360 dated 28.12.2018. Resolution of the Regional Energy Tariff Authority of the Smolensk region № 369 dated 28.12.2018
Orelenergo	30 823,7	Order of the Regional Energy Tariff Authority of the Orel region № 661-t dated 25.12.2018, Order of the Regional Energy Tariff Authority of the Orel region № 664-t dated 25.12.2018
Tambovenenergo	14 746,5	Order of the Regional Energy Tariff Authority of the Tambov region № 192-e dated 21.12.2018, Order of the Regional Energy Tariff Authority of the Tambov region № 212-e dated 26.12.2018

* shortfall in income for the Kurskenergo branch is indicated taking into account the investment component in the amount of 230,8 million rubles, recorded in amortization and depreciation.