

Market share held by the Rosseti Group's companies

As a result of restructuring in 2023, PJSC Rosseti now is one of the world's largest power grid holdings, providing power supply to consumers in 82 regions of Russia, managing the Unified National (All-Russian) Power Grid (UNPG) and the distribution grid complex. It manages 2.56 million kilometres of power transmission lines and substations with a total capacity of 877 GVA.

PJSC Rosseti and subsidiaries engaged in electric power transmission and grid connection services are natural monopolies and critical entities of information infrastructure. PJSC Rosseti is included on the list of strategic joint stock companies¹.

Required gross revenue (RGR) is an economically justified amount of financial resources required for regulated power grid companies to carry out their operations during the estimated regulation period. RGR serves as the basis for the approved tariffs for electricity transmission services in the regions where the Rosseti Group's companies operate. As a matter of fact, a share of distribution company in the total regional RGR fully corresponds to the market share in the Russian grid market.

Share in the regional market for electricity transmission services under comparable tariff regulation conditions, %

Indicators	2022	2023
PJSC Rosseti (by region of operation)	73.4	74.2
Distribution complex		
PJSC Rosseti Centre	90.5	91.0
PJSC Rosseti Centre and Volga Region	79.3	79.9
PJSC Rosseti North-West	72.8	73.0
PJSC Rosseti Volga	63.1	63.0
PJSC Rosseti Lenenergo	80.2	81.0
PJSC Rosseti Siberia	63.3	65.3
PJSC Rosseti South	70.9	70.5
PJSC Rosseti Northern Caucasus	82.0	83.5
PJSC Rosseti Lenenergo	89.5	89.3
JSC Rosseti Tyumen	67.8	67.9
PJSC Rosseti Moscow Region	62.1	63.8
JSC Rosseti Yantar	81.6	82.7
PJSC Rosseti Kuban	77.2	77.1
PJSC TDC	71.0	72.6

74.2%

market share by RGR in the regions here the Rosseti Group operates

Industry Consolidation

As one of the key measures for improving the efficiency of the electric power industry, the Energy Strategy of the Russian Federation envisages the gradual creation of a unified state-owned power grid complex. In this regard, one of the most important areas of PJSC Rosseti's activities is the consolidation of assets of the Russian power grid sector. Consolidation of power grid assets is a set of measures aimed at establishing Rosseti Group's control over power grid assets that are not part of and/or are not under the management of the Rosseti Group.

The main goals of power grid asset consolidation are as follows:

- To create a single centre of responsibility for ensuring reliable, high-quality, and affordable power supply
- To increase the share of PJSC Rosseti's subsidiaries in the 'common pot' revenue for electricity transmission services received from regional consumers of services
- To build an optimal power grid infrastructure and introduce digital grid elements

Results of 2023

In the first half of 2023, the Rosseti Group took property consolidation measures with respect to the following projects:

- OJSC Tomsk Main Power Grids
- JSC DVEUK — UNPG
- JSC Kuban Main Power Grids

In the second half of 2023, the following were transferred to the authorised capital of PJSC Rosseti:

- Power grid facilities (UNPG) located in the Republic of Crimea, the Krasnoyarsk Territory and the Irkutsk Region
- Power grid facilities (distribution complex) located in the Maikop district of the Republic of Adygeya and the Kola district of the Murmansk Region
- Shares of JSC RES, Novosibirsk Region
- Shares of JSC Electromagistral, Novosibirsk Region
- Shares of JSC Energetik, Novosibirsk Region

Consolidation of power grid facilities in 2023

Power grid equipment, thsd c.u.	434.1
Transmission lines, thsd km	89.8
Transformer capacity, thsd MVA	31.7
Value of contributed property and shareholdings, amount of financing for acquired property, RUB bln	149.1

149.1 RUB BLN

value of contributed property and shareholdings, amount of financing for acquired property



— How does PJSC Rosseti participate in the creation of the system of systemically important grid operators (SGOs) in Russia?

— We support the amendments to legislation proposed by the Minenergo of Russia that provide for the gradual consolidation of grid assets. This work is carried out in fulfilment of the instructions of the President of the Russian Federation and is aimed at improving the reliability of power supply to consumers.

Many small local grid operators (LGOs) have worn-out grids, no emergency provisions, no proper repairs and no upgrade programmes in place. However, along with other companies, they receive money through tariffs from the common pot that distributes the load to consumers. The problem should be addressed by consolidation of grids as envisaged by the industry development strategy.

In order to implement it, the Government of the Russian Federation approved in 2023 additional criteria for LGOs pertaining to the length of PTLs and the capacity of power supply centres. If a company does not meet these criteria, it ceases to operate as a LGO. However, the operation of its grids must continue in any case so that consumers are not affected. This task is supposed to be assigned to a systemically important LGO (SGO), as envisaged by the draft amendments to the Federal law "On Electric Power Industry" developed by the Minenergo of Russia.

In addition, the SGO will be responsible for the operation of ownerless grids and will be obliged to eliminate the consequences of accidents at the facilities of other owners upon the decision of the regional headquarters. This will make it possible to legalise the situation that already exists. The regional authorities are to decide which LGO is to be the SGO in accordance with the criteria approved by the Government of the Russian Federation.

The draft law does not give SGO the right to force consolidation of all grids. LGOs that retain their status will continue to operate, receive economically justified volumes of tariff revenue, connect new consumers and grow their grids. Thus, a SGO is, first of all, an instrument with a social and energy security function.

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¹ Decree of the President of the Russian Federation No. 1009 dated 4 August 2004.