

TARIFF POLICY AND TARIFFS FOR THE COMPANY SERVICES

Tariff Policy

Prices (tariffs) for the Rosseti Kuban's power transmission services and the grid connection fees are regulated by the state and set by the RPC-PTD KT orders. In the Krasnodar Territory and the Republic of Adygea, where the Company operates, prices (tariffs) are unified for each group of power consumers.

The main regulatory legal acts regulating relations in setting regulated tariffs and the practice of their application are:

- Federal Law On the Electric Power Industry No.35-FZ dated March 26, 2003;
- Decree of the Government of the Russian Federation On Pricing in the Field of Regulated Prices (Tariffs) in the Electric Power Industry No.1178 dated December 29, 2011;
- orders of the Federal Tariff Service (FTS of Russia):
 - On approval of the Guidelines for the Calculation of Tariffs for Power Transmission Services Established Using the Required Gross Revenue Long-term Indexation Technique No.98-e dated February 17, 2012,
 - On Approval of the Guidelines for the Calculation of Regulated Tariffs and Prices for Electric (Thermal) Energy in the Retail (Consumer) Market No.20-e/2 dated August 6, 2004;
- Order of the FAS of Russia On Approval of the Guidelines for Determining the Fees for Grid Connection to Power Grids No.1135/17 dated August 29, 2017.

Power Transmission Tariffs

Since 2018, the Company has switched to the next long-term period of regulating tariffs for power transmission services for five years. The Rosseti Kuban's power transmission tariffs and long-term regulatory parameters for 2018–2022 were set by RPC-PTD KT using the required gross revenue long-term indexation technique.

Unified pot tariffs for power transmission services, which were not reviewed during the regulation period, were approved by the Order of RPC - PTD KT No.44/2019-e dated December 27, 2019.

Information on power transmission tariffs for 2020 is available on the official website of Rosseti Kuban in the section To Consumers / Power Transmission / Power Transmission Tariffs.

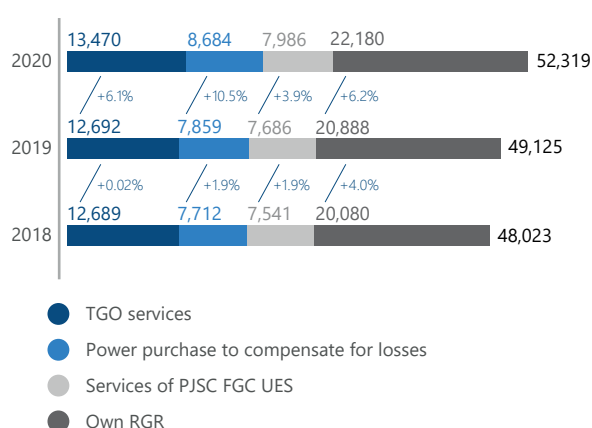


Indicators on power transmission tariffs of the Company

Indicator	Unit	2018	2019	2020	Change 2020/2019, %
RGR for power transmission approved within the tariff and balance resolutions	RUB mln	48,023	49,125	52,319	6.5
Including:					
– own RGR	RUB mln	20,080	20,888	22,180	6.2
– Services of PJSC FGC UES	RUB mln	7,541	7,686	7,986	3.9
– Expenditures for purchasing power losses	RUB mln	7,712	7,859	8,684	10.5
– Expenditures for TGO services (according to the effective contractual scheme)	RUB mln	12,689	12,692	13,470	6.1
Pot useful output of electricity	mln kWh	19,028	18,937	19,670	3.9
Average tariff for power transmission services by branch	RUB/kWh	2.52384	2.59412	2.65990	2.5

The power transmission tariffs for 2020 are set with decrease in the second half of the year by HV voltage level equal to 10% and with 1.7% increase by other voltage levels relative to those set for the first half of the year.

Changes in power transmission RGR structure of Rosseti Kuban (RUB mln)



taking into account the way of connection to the power grids of the grid organization and implementation of corresponding measures are approved by Order of RPC - PTD KT No.49/2020-e dated December 29, 2020.

Detailed information on the standardized tariff rates set and the rate of payment per unit of maximum power for grid connection to the Rosseti Kuban power grids is available on the Company's website in the section To Consumers / Grid Connection / Tariffs for Grid Connection.

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Payments for Grid Connection

The standardized tariff rates determining the payment for connection to the power grids of the territory grid organizations, rates determining the payment for connection to the power grids of the territory grid organizations per unit of maximum power, as well as calculation formulas for the payment for grid connection based on standardized

Indicators of payment for connection to power grids of Rosseti Kuban

Indicator	Unit	2018	2019	2020	Change 2020/2019, %
The standardized tariff rates for compensation of expenditures for the grid connection of the power consumer terminals, grid facilities of the grid organizations or other parties by measures specified in Clause 16 of Guidelines (C1) and rates of payment per maximum power unit (C1)	RUB per one connection	9,606.33	10,272.30	10,860.59	5.7
	RUB/kW	618.90	647.66	667.39	3