

## Consolidation of Power Grid Assets

Pursuant to the Development Strategy of the Electric Grid Complex of the Russian Federation, namely its goal to reduce the number of TGOs, the Company consolidated the grid assets in the Krasnodar Territory and the Republic of Adygea during the reporting year.

For 2020, 53 TGOs had individual electricity delivery tariffs approved for them by RPC - PTD KT (Order No. 44/2019-e dated December 27, 2019). Rosseti Kuban signed grid assets lease agreements with two TGOs (Rostekelektroseti LLC and Alga LLC).

With respect to consolidating grid assets, the Company did the following during the reporting year:

- The Company informed the administration of the Krasnodar Territory about its intention to consolidate the ownerless power grid property under Rosseti Kuban and the absence of obstacles on the part of the heads of municipal entities in obtaining the ownership of such facilities by Rosseti Kuban;
- The Company sent proposals to the Ministry of Fuel and Energy Complex and Housing and Communal Services of the Krasnodar Territory for the development of regulatory legal acts aimed at improving the criteria, by which the owners of power grid facilities can be attributed to TGO, and procedures for transfer of power grid facilities belonging to organizations that do not meet the established criteria to the management of TGO, whose grids are connected with such facilities;
- Rosseti Kuban took part in a meeting with the Ministry of Fuel and Energy Complex and Housing and Communal Services of the Krasnodar Territory on the consolidation of the region's electrical grid facilities, as well as ownerless grid assets. Based on the results of the meeting, proactive measures were taken to consolidate ownerless grid assets. In 2020, the joint inventorying effort identified 134 ownerless facilities within the serviced areas of the Company, 31 of which are now in the Company's books. Measures were initiated for these facilities to recognize the Company's ownership rights in court, excluding the time of prescription (five years). There are also ongoing initiatives for the remaining 103 facilities to register them in the Company's books.

In 2020, Rosseti Kuban consolidated 15,248.9 assets, a total of 1,200.4 km and 1,438.1 MVA, and made 76 transactions, including:

- 23 gratuitous transfers of grid facilities from non-profit organizations and individuals;
- 51 lease contracts, including 10 contracts with TGOs, 24 contracts with municipal entities, 17 contracts with other owners;
- one transaction for the gratuitous use of property constituting the property of the State Treasury of the Russian Federation.

Thus, the Company took over

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ownerless power facilities for use.

The asset consolidation effort of 2020 brought RUB 788 mln in additional revenue, this is due to an increase in the required gross revenue from electricity transmission services. Besides, adding more facilities to the Company's books will eliminate the costs of electricity transit to customers connected to such facilities.

### Monitoring the volumes of consolidation of power grid assets

Indicator	2018			2019			2020		
	MVA	km	c.u.	MVA	km	c.u.	MVA	km	c.u.
Total for Rosseti Kuban	210.4	654.8	1,776.9	1,457.1	1,686.1	16,024.2	1,438.1	1,200.4	15,248.9
Grid facilities acquired	0	0	0	0	0	0	0	0	0
Grid facilities in operating lease	203.8	620.8	1,656.7	1,314.1	907.7	10,422.8	1,327.8	881.2	10,518.1
Other (permanent rights of ownership and use)	6.4	32	112.3	9.7	49.4	159.6	5.5	29.6	125.1
Other (temporary rights of ownership and use)	0.2	2	8	133.3	729.0	5,441.9	104.7	289.6	4,605.7