KUBANENERGO PJSC ANNUAL REPORT 2018

TECHNOLOGICAL CONNECTION TO THE ELECTRIC NETWORKS OF KUBANENERGO PJSC

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IN 2018, THE VOLUME OF EXISTING TECHNOLOGICAL CONNECTION CONTRACTS DECREASED BY 18%, FROM 20,384 TO 16,630 CONTRACTS. THE NUMBER OF OVERDUE CONTRACTS HAS INCREASED BY 1.2 TIMES COMPARED WITH 2017. THE MAIN REASON IS THE FAILURE OF THE APPLICANTS TO FULFILL THEIR OBLIGATIONS UNDER THE TECHNOLOGICAL CONNECTION AGREEMENTS DUE TO THE LACK OF THE NECESSARY FUNDS TO MEET THE TECHNICAL CONDITIONS.

AT THE SAME TIME, IN 2018, THE VOLUME OF THE CONNECTED CAPACITY OF CONSUMERS INCREASED BY 6% COMPARED WITH THE PREVIOUS YEAR. THE NUMBER OF CONNECTED LARGE CONSUMERS (IN THE CATEGORY ABOVE 670 KW) FOR A TOTAL CAPACITY OF MORE THAN 269 MW HAS TRIPLED, INCLUDING CONTRACTS WITH SUCH LARGE GENERATING CONSUMERS, AS JSC "TANDER" AND JSC AGRICULTURAL COMPANY "FANAGORIA".

THE DEMAND FROM APPLICANTS FOR TECHNOLOGICAL CONNECTION SERVICES REMAINS AT A REASONABLY HIGH LEVEL. IN 2018 THE COMPANY HAS ACHIEVED A REDUCTION IN THE AVERAGE TIME FOR IMPLEMENTATION OF MEASURES FOR TECHNOLOGICAL CONNECTION TO 100 DAYS (IN 2017, THE SAME INDICATOR WAS 163 DAYS). THE AVERAGE TIME FOR CONSIDERATION OF THE APPLICATION AND SUBMISSION OF THE OFFER HAS DECREASED FROM 12 TO 10 DAYS.

Ensuring the needs of the growing economy of Krasnodar Region in energy facilities, the transition to a unified scheme of forming and applying fees for technological connection and achieving a balance of interests in determining the cost of technological connection of consumers to electric networks is the goal in Kubanenergo PJSC connections in the near future.

The primary regulatory documents regulating the Company's activities on the technological connection of power receiving devices (power plants) of legal entities and individuals to the power grids of Kubanenergo PJSC¹:

- Federal law dated March 26, 2003 No. 35-Φ3 "On Electric Power Industry";
- The instructions for technological connection of power receivers of consumers of electrical energy, facilities for the production of electrical energy, as well as electric grid facilities owned by grid organizations and other persons to electric networks, approved by the Decree of the Government of the Russian Federation of 27.12.2004, No. 861;
- Decree of the Government of the Russian Federation dated December 29, 2011 No. 1178 "Pricing in the field of regulated prices (rates) in the power industry";

 Order of the FAS of Russia of 29.08.2017 No. 1135/17 "On Approval of Guidelines for Determining the Amount of Payment for Technological Connection to Electric Grids."

The full list of regulatory legal documents, detailed information on the implementation of the technological connection procedure in Kubanenergo PJSC are available in the public domain on the Company's website www.kubanenergo.ru in the section "To Consumers/Technological Connection".

EXECUTION OF CONTRACTS FOR TECHNOLOGICAL CONNECTION OF CONSUMERS

In the reporting year, the Company implemented 26,985 contracts for technological connection to the power grids of Kubanenergo PJSC. The total capacity under the executed grid connection agreements was 723 MW, which is 27% more than the planned amount.

Capacity connected in 2018 by the class of customer, MW

CLASS OF CUSTOMER	NUMBER OF EXECUTED CONTRACTS FOR TECHNOLOGICAL CONNECTION	
	NUMBER	FOR A TOTAL POWER, MW
Up to 15 kW inclusive, total	25,170	292
including individuals	21,338	249
Over 15 and up to 150 kW inclusively	1,299	73
Over 150 kW and less than 670 kW	303	88
Not less than 670 kW	176	257
Power generation facilities	3	12
Total, excluding temporary technological connection	26,951	722
Emporary technological connection	34	1
Total, with account for the temporary technological connection	26,985	723

^{1.} The full list of regulatory legal documents regulating the process of technological connection is available in open access on the Company's websitewww.kubanenergo.ruin the 'Consumers' section.