

In accordance with target benchmarks given in the Strategy for Development of the Power Grid Complex of the Russian Federation approved by the Decree No.511-r of the Government of the Russian Federation dated April 3, 2013 and to improve the operating and investment performance, IDGC of the South aims at addressing the following top-priority tasks:

The reduction of inflation-adjusted operating expenses per unit of electrical equipment servicing against the actual level of 2012. By the end of 2018, the relevant reduction of unit operating expenses totalled RUB 1,467 .3 mn or 21.55% in comparable conditions of 2012.

The reduction of unit operating expenses pursuant to directive No.2303p-P13 of the Government of the Russian Federation dated April 16, 2015. The Company's unit operating expenses were actually reduced by 5.7% year-on-year (vs target of 2%) or RUB 233 mn in comparable conditions of 2017 .

In the reporting year, the Board of Directors made no decisions concerning the determination of focus operation areas. IDGC of the South continued with its efforts in the following focus areas specified by the Board of Directors:

applicability of recommendations on the management of intellectual property rights;  
certification of equipment, materials, and systems at the Company's facilities;  
provision of the energy infrastructure accessibility and highquality connection to the Company's power grids;  
improvement of the Internal Control and Risk Management Systems, development of the internal audit function;  
delegation of the Sole Executive Body powers of JSC Donenergo to the Company.

Key development areas of IDGC of the South are as follows:

customer-oriented policy and higher availability of the power grid infrastructure;  
coordination of the concluding procedure and supervision over the execution of agreements between administrative authorities of constituent entities of the Russian Federation within ROSSETI and the Company's area of responsibility;  
assessment of grids expansion topology and forecasting of the power and electricity demand;  
efficient planning of the power grid expansion through the lens of the socio-economic trending and alternations in land use planning of regions;  
renovation and retrofitting of the power industry facilities;  
new construction of power grid facilities;  
energy efficiency and energy saving.

IDGC of the South has materialised and continuously updates an Interactive map of 35–110 kV substations capacities to pursue a unified approach to prospective expansion and regional planning issues and to deliver on SME investment projects. The Interactive map is a geographical map indicating the information about existing main substations and their coverage areas, loading level of power grid equipment, and scheduled renovation and new construction stages. The main substation loading is visualised through mandatory information disclosure forms corresponding to Standards of Information Disclosure for Wholesale and Retail Electricity Market Players approved by Decree No.24 of the Government of the Russian Federation dated January 21, 2004 (the latest version).

Since 2017, the Company has been constantly sending informational letters to applicants having maximum power receiver capacity of at least 5 MW to report on the availability of the Interactive map that allows the election of the optimal

facility location. The data on the loading of the main substations of allied territorial grid organisations (TGO) are fee-free published and updated on the interactive maps posted on the corporate website.