

## **Power transmission services provided**

As of the end of 2018, IDGC of the South provided the electricity in the amount of 24,310 mn kWh, including the internal electricity sales, representing a year-on-year decrease of 705 mn kWh (2.8%) (25,015 mn kWh in 2017). The decrease was mostly attributable to the termination of the last mile business model since July 1, 2017, in the Volgograd and Rostov Regions in line with Clause Clause 9, Art. 8 of the Federal Law On Electric Power Industry No.35-FZ dated March 26, 2003.

Termination of the last mile business model in the Volgograd and Rostov Regions and the exception of grid connection of consumers, who did not renew their agreements (Russian Railways, Volzhskaya Kuznitsa, LUKOIL-Volgogradneftepererabotka, etc.), resulted in a decline of the relative electricity losses.

In 2018, Astrakhanenergo reduced its electricity losses by 2.1 mn kWh year-on-year, including a decrease of non-technical losses by 12.8 mn kWh. The electricity losses rate reduced by 0.06 p. p. in comparable terms of electricity delivered to the grid, including a scope under the last mile contract terminated in 2018.

Electricity losses of Volgogradenergo grew by 0.37 p.p in comparable terms. The rise in losses was driven by the reduction in volumes under off-the-meter supply acts included in the net delivery, and by higher transit flows to Rostovenergo.

Actual electricity losses in Kalmenergo's power grids amounted to 20% of total electricity delivered to the grid. The loss rate decreased by 2.13 p.p in comparable terms.

Rostovenergo showed a year-on-year decrease in losses by 0.3 p. p. in comparable terms of electricity delivered to the grid, including the volume under the last mile contract terminated in 2018 (325.1 mn kWh).