

Appendix # 6
to the decision of the Board of Directors of IDGC of Centre, PJSC
Minutes of January "31", 2020 # 04/20

**Scenario conditions of formation of the investment program
of IDGC of Centre, PJSC**

in a new edition

Moscow, 2019

Scenario conditions of formation of the investment program of IDGC of Centre, Public Joint-Stock Company (hereinafter – the Company) are developed for the purpose of balanced formation of an investment program of the Company for tariff regulation.

All actions of an investment program shall be carried out on modern technical solutions, according to the Uniform Technical Policy of PJSC Rosseti and correspond to the concept "Digital transformation of 2030".

The created investment program shall provide the maximum profitability on condition of ensuring the required level of reliability, including promote cost reduction and losses on electricity transmission.

When forming an investment program, it is necessary to consider:

- forecast of electricity consumption and power (decrease);
- demand forecast on grid connection;
- decrease in resource intensity of functioning of the power grid complex;
- mechanisms allowing to provide power supply of consumers without creation/reconstruction of power grid facilities;
- possibility of removal from operation and its application at construction/reconstruction of other facilities.

The section of modernization and reconstruction shall be created taking into account the transition to risk - oriented management on the basis of implementation of digital technologies.

The scope of measures for reliability is included in the investment program until the indicators approved in the business plans of the subsidiaries and affiliates of PJSC Rosseti are reached, taking into account measures for the repair program.

Reconstruction of feeding centres of 6 kV and above is prohibited if the electric energy loss rate in outgoing connections (totally) belonging to the Company exceeds 20% of supply of electricity to the grid. In the presence of this condition, funds are allocated for installation (modernization) of metering devices of electric power on the connections outgoing from the Substation (Transformer Substation), on the boundary with consumers (Territorial Grid Company), on reconstruction of Conductor-0.4 kV, and also replacement of uninsulated wire with self-supporting insulated wire (SIW).

When forming investment programs, it is necessary to exclude excess technical solutions, strictly observing requirements of the Company's technical policy. Changing technical solutions during the implementation of projects is not allowed.

The investment programs of subsidiaries and affiliates should include projects included in the Innovation Development Programs, including R&D, in an amount not less than established by the key performance indicator "Innovation Efficiency" (KPI).

The amount of costs associated with the implementation of measures should not exceed the amount of such costs, determined in accordance with the integrated price standards for standard technological solutions for capital construction of fixed assets of natural monopolies, approved by the federal executive bodies. Implementation of measures of investment programs not provided for by investment programs approved in the established manner is not allowed, with the exception of measures for grid connection.

When forming investment programs, the direction of depreciation deductions, with the exception of depreciation deductions from fixed assets constructed (acquired) from borrowed sources, is to finance measures to increase the reliability of electricity supply to electricity consumers, taking into account the financial and economic condition of subsidiaries and the shortage of sources for the implementation of mandatory measures (preferential grid connection, installation of smart metering devices). When implementing the state regulation of prices (tariffs) for goods (work, services) of natural monopoly entities, expenses related to the implementation of measures not included in the relevant sections of investment programs, except for grid connection measures, before the start of their implementation in the prescribed manner, cannot be subject to accounting.

The amount of funding for the adjusted investment program of subsidiaries and affiliates must be formed taking into account the parameters of the Company's business plan approved by the Board of Directors, the adopted tariff balance decisions, and the financial and economic condition of subsidiaries.

Activities aimed at increasing revenue from the sale of additional (non-tariff) services by 30% by 2025 (excluding the rental of electric grid facilities) relative to the fact of 2018, in accordance with the Scenario conditions for the formation of business plans of the Group of Companies of PJSC Rosseti and subsidiaries and affiliates of PJSC Rosseti, approved by the decision of the Management Board of PJSC Rosseti No. 903pr dated 21 August 2019, are included in the Investment Program with the highest priority, outside the criteria for including facilities, provided that positive economic efficiency is achieved.

Appendix

№	Criterion of inclusion of a facility in an investment program	Characteristics of actions falling under the criterion	Justifications for inclusion of actions in the Investment Program	Compulsory provisions for inclusions in the Investment Program
1	Actions directed to increase in reliability of functioning of the power grid complex. Upgrading (replacing) the power grid complex	<p>The facilities damaged owing to failures for restoration of the normal circuit of power supply of consumers</p> <p>The actions for decrease in risks of violation of power supply in regions with high risks of violation of power supply during the autumn and winter period approved by the order of the Ministry of Energy of the Russian Federation</p> <p>The facilities providing execution of instructions of the state supervisory and departmental monitoring bodies</p>	<p>The act of investigation of technology violation with the instruction of elimination of damage in the specified terms</p> <p>Order of the Ministry of Energy of the Russian Federation</p> <p>Availability of instructions of the federal executive authority authorized for implementation of federal state power supervision</p>	<p>Cost assessment of effects of failure of functioning of the power grid equipment shall exceed the costs planned to be spent on the restoration of this equipment:</p> $\frac{U_{EX} - \sum Y_{EO}}{\sum CAPEX} \geq 1$ <p><i>Calculation is made on the basis of the Methodical instructions approved by Order of the Ministry of Energy of the Russian Federation of 19.02.2019 No. 123</i></p>

		<p>Other facilities of reconstruction</p>	<p>Other actions for reconstruction are included in the Investment Program in the presence of at least one of conditions:</p> <ol style="list-style-type: none"> 1. Change (improvement) of SAIDI, SAIFI; 2. The equipment with the health index of up to 50. 	
		<p>Actions for creation of "digital grid", including</p>	<p>Not less than 20% of volume of tariff sources, including</p>	<p>Actions are included in the Investment Program:</p> <ol style="list-style-type: none"> 1. If they are in the target program approved by the Board of Directors of subsidiaries and affiliates of PJSC Rosseti; 2. Effects of a project implementation will exceed operating costs of the created unit of equipment: $\frac{\text{RECEIPT OF MONETARY MEANS FROM A PROJECT IMPLEMENTATION (INFLOW)}}{\text{DEPRECIATION+ OPERATING COSTS}} \geq 1+WACC$ <ol style="list-style-type: none"> 3. Ratio of electric energy supply to the number of conventional units on the created facility shall exceed this ratio in general for a subsidiary: $\geq \frac{\frac{\text{SUPPLY OF ELECTRIC ENERGY TO THE GRID}}{\text{NUMBER OF CREATED C.U.}}}{\frac{\text{TOTAL SUPPLY OF ELECTRIC ENERGY TO THE GRID FOR A SUBSIDIARY}}{\text{NUMBER OF SERVICED UNITS OF EQUIPMENT}}}$ <ol style="list-style-type: none"> 4. If implementation of actions on "digitalization" leads to decommissioning of c.u. twice more than the created quantity of c.u.

		Actions for modernization of electric energy metering	not less than 10% of volume of tariff sources	<p>Actions are included in the Investment Program:</p> <p>1. If they are in the target program approved by the Board of Directors of subsidiaries and affiliates of PJSC Rosseti;</p> <p>2. Effects of the project implementation will exceed operating costs of the created unit of equipment (except for actions for implementation of Federal law of 27.12.2018 No. 522-FZ):</p> $\frac{\text{RECEIPT OF MONETARY MEANS FROM A PROJECT IMPLEMENTATIONS (INFLOW)}}{\text{DEPRECIATION+ OPERATING COSTS}} \geq 1+WACC$
2	Activities for grid connection*	The facilities necessary for accomplishment of obligations under the signed and forecast agreements on implementation of grid connection of preferential categories of consumers (up to 150 kW)	The amount of financing is planned on the basis of the actual average data on performance of agreements of grid connection for the previous three years.	<p>Actions are included in the Investment Program:</p> <p>1. Effects of the project implementation will exceed operating costs of the created unit of equipment:</p> $\frac{\text{RECEIPT OF MONETARY MEANS FROM A PROJECT IMPLEMENTATION (INFLOW)}}{\text{DEPRECIATION+ OPERATING COSTS}} \geq 1+ WACC.$ <p>Ratio of electric energy supply to the number of conventional units on the created facility shall exceed this ratio in general for a subsidiary:</p>
		The objects necessary for accomplishment of obligations under the signed agreements on implementation of grid connection of consumers (above 150 kW)	<p>1. The signed agreement on implementation of grid connection;</p> <p>2. Availability of the payment for grid connection established by the Regional Energy Commission, in full covering actions for new construction (for grid</p>	

			connection agreements with an individual payment).	$\geq \frac{\text{SUPPLY OF ELECTRIC ENERGY TO THE GRID}}{\text{NUMBER OF CREATED C. U.}} \geq \frac{\text{TOTAL SUPPLY OF ELECTRIC ENERGY TO THE GRID FOR A SUBSIDIARY}}{\text{NUMBER OF SERVICED UNITS OF EQUIPMENT}}$
		Enhancing the electric grid for the purpose of implementation of grid connection of power installations of consumers and (or)electric grid facilities total,		
3	Actions aimed at development of the power grid complex	Investment projects on construction (reconstruction with increase in transmission capacity of the electric grid and (or) power of separate substations	Presence in the Special individual development program of the UEC Russia / Special individual development program of subjects of the Russian Federation / Comprehensive Development Program/ Development Program of a Distribution Zone	
4	Other actions	Projects on consolidation of power grid assets*	Parameters of a project shall correspond to the Main technical and financial and economic, and also private decision-making criteria on projects of consolidation of power grid assets approved by a governing body of PJSC Rosseti. Or it should have a separate decision of a governing	<p>Actions are included in the Investment Program, if the ratio of electric energy supply to the number of conventional units on the created facility exceeds this ratio in general for a subsidiary:</p> $\geq \frac{\text{SUPPLY OF ELECTRIC ENERGY TO THE GRID}}{\text{NUMBER OF PURCHASED C. U.}} \geq \frac{\text{TOTAL SUPPLY OF ELECTRIC ENERGY TO THE GRID FOR A SUBSIDIARY}}{\text{NUMBER OF SERVICED UNITS OF EQUIPMENT}}$

		body of PJSC Rosseti concerning the project:	
		Other actions (target programs of subsidiaries and affiliates: acquisition of vehicles, ready-to-operate equipment, reconstruction of buildings and structures, Telemetry and SCADA system, etc.) Positive cost efficiency	<p>Actions are included in the Investment Program:</p> <ol style="list-style-type: none"> 1. If they are in the target program approved by the Board of Directors of subsidiaries and affiliates of PJSC Rosseti; 2. Cost assessment of effects of refusal of implementation of the actions shall exceed the costs planned for financing of other actions: $\frac{U_{EX} - \sum Y_{EO}}{\sum CAPEX} \geq 1$

*** Target indicators have indicative character, in case of non-conformity of investment projects, decisions on inclusion are taken separately, with the exception of “pilot” Distribution Zones, implemented in accordance with the specified Scenario conditions**