

Electricity Supply

Electricity is delivered under relevant electricity transmission agreements. The subject of the agreement is organizational and technical measures aimed at electricity transmission to consumer connection points at IDGC of the North-West grids or related companies — points for discharge of commitments under the agreements.

JSC IDGC of the North-West transfers electricity from electricity points to own power grids from generating companies (power plants and isolated generating plants), FGC UES grids, or adjacent energy systems located in the neighboring constituent entities of the Russian Federation to the points of discharge of commitments under the existing electricity transmission agreements.

In turn, JSC IDGC of the North-West uses own grids or if connected to the grids of an adjacent grid company, ensures transmission of the electricity purchased on the electricity market (by an energy sale company) directly to the end consumers' grid connection points.

The main consumers of IDGC of the North-West electricity transmission services are energy sales companies that are guaranteed suppliers (major ones are JSC Arkhenergosbyt, JSC Vologda Power Supply Company, JSC Karelia Power Supply Company, JSC Komi Power Supply Company, Garantenergосervice LLC, and JSC Pskovenergobytl). The share of electricity transmission services in 2014 rendered by guaranteed suppliers was 35%, that of energy sales companies was 15%, by other TGCs — 28 %, and "direct" consumers — 22%. The share of electricity transmission is specified given the Company's function as a guaranteed supplier in the Murmansk Region.

Existence of territorial grid companies with continuing activity does not present significant risks for the Company's operations. Most electricity delivered to consumers through distribution grids of other grid companies is also transferred by these companies through IDGC of the North-West grids at high and medium voltage levels. The share in the market controlled by the Company has not changed considerably for the last five years.

Volumes of electricity transmitted in IDGC of the North-West grids

Branch/IDGC	Transmission in Branch grids, million kW•h				
	2010	2011	2012	2013	2014
Arkhenergo	3,602	3,452	3,431	3,157	3,115
Vologdaenergo	8,748	8,619	8,725	8,204	7,484
Karelenergo	7,294	7,272	6,977	5,932	5,908
Kolenergo	10,828	10,670	10,761	10,488	10,400
Komienergo	5,238	5,170	5,348	5,238	5,243
Novgorodenergo	3,367	3,401	3,490	3,363	3,288
Pskovenergo	1,674	1,659	1,735	1,736	1,730
IDGC of the North-West	40,752	40,244	40,468	38,118	37,168

Based on the Company's results in 2014, the volume of electricity transmitted amounted to 37,168 million kW•h which was considerably below the previous periods' indicators.

Volume reduction is in particular driven by consumers entering into direct agreements with JSC FGC UES for connection points at UNPG ("last mile"). Overall electricity transmission for JSC IDGC of the North-West at these facilities in 2014 was 2,516 million kW•h.

Moreover, the volume of electricity transmitted is affected by electricity consumption by a series of major consumers. Electricity consumption at metallurgy plants, in particular aluminum works, decreased in 2014 due to the unfavorable conditions.

The share of electricity supplied to the grids of territorial grid companies in 2014 was 28.3 % of the total transmission through the grids of JSC IDGC of the North-West.

Share of supply to the grids of territorial grid organizations of services rendered, %

Branch/IDGC	Share of supply to the grids of territorial grid organizations of services rendered, %				
	2010	2011	2012	2013	2014
Arkhenergo	18.9	14.7	12.6	17.7	19.9
Vologdaenergo	26.8	27.4	26.4	25.5	26.1
Kolenergo	49.2	48.7	49.3	49.3	20.5
Karelenergo	14.1	16.7	21.5	21.3	53.6
Komienenergo	13.2	24.3	24.9	27.5	28.5
Novgorodenergo	33.7	32.9	32.7	33.5	34.1
Pskovenergo	25.6	27.5	28.5	28.6	0
IDGC of the North-West	24.5	26.4	27.3	27.3	28.3