

Tariff Policy

Until 2010 tariffs for services of transmission of electrical energy through the UNEG for the Company were set with the use of the method of economically justified costs ("cost-plus").

Since 2008 a principally new system of tariff regulation based on RAB methodology (regulatory asset base – return on the invested capital) has been introduced in separate territorial grid organizations of the Russian Federation.

For tariff calculation for each year of the calculation period, the required gross revenue is estimated by summarizing the values of repayment, return on the invested capital and the costs needed for provision of electricity transmission services through the UNEG. To avoid a sharp increase of tariffs the RAB regulation methodology provides for a smoothing mechanism, which consists in reallocation of required gross revenue by years for the whole long term regulation period.

Transition of Federal Grid Company to RAB regulation of tariffs took place on January 1st, 2010. For the first long term regulation 2010-2014 period FTS of Russia set the following key long term parameters of regulation of the Company's tariffs by the method of return on the invested capital:

Indicator	2010	2011	2012	2013	2014
Rate of return on capital invested as of January 1st, 2010*	3.9 %	5.2 %	6.5 %	7.8 %	10 %
Rate of return on capital invested after January 1st, 2010	11.0 %	11.0 %	11.0 %	10.0 %	10.0 %
Period of return on invested capital, years	35	35	35	35	35
Investments of Federal Grid Company, RUR billion**	647.6	-	-	-	-

* In accordance with the Basic principles of pricing in the field of regulated prices (tariffs) in the power industry, adopted by the Regulation of the Government of Russia No. 1178 "On pricing in the field of regulated prices (tariffs) in the power industry" dated 29.12.2011 the rate of return during the first long term period of regulation, excluding its last year, may be set on a separate basis in respect to capital invested before transition to regulation with the use of methodology of return on the invested capital and also in respect to capital created after transition to regulation with the use of methodology of return on the invested capital.

** Due to adoption of the Regulation of the Government of Russia No. 1178 "On pricing in the field of regulated prices (tariffs) in the power industry" dated 29.12.2011 and transition to accounting of objects in the base of the invested capital upon their actual entry into operation since 2012, for calculation of the required gross proceeds for each year of the long term period of regulation the actual cost of objects put into operation in 2011 and the objects planned for entry in operation in 2012-2013 was decreased by the cost of the construction in progress accounted in the cost of investment capital during transition of Federal Grid Company to regulation of tariffs with the use of methodology of return on the invested capital in the sum of RUR 205.6 billion allocated by 3 years.

In April 2011 due to the necessity of restraining of tariffs on electrical energy was adopted the resolution on smoothing of tariffs of electric grid

companies (deferral of part of the required gross revenue to the subsequent years).

By the Order of FTS of Russia No.552-e/2 dated December 29, 2009 (as amended by the Order of FTS of Russia No. 325-e/1 dated December 6, 2011) the tariffs on electricity transmission by the UNEG for the Company since January 1, 2012 till July 1, 2012 are set at the level of 2011 tariffs.

In accordance with Basic principles of pricing, by the order of Federal Tariff Service No.113-e/1 dated May 21, 2012 was adjusted the rate of return on "old" capital set for the 2014: the rate of return on old capital in 2014 is set at the level of rate of return on "new capital" - 10%.

The tariff rates on services of electric energy transmission on maintenance of electric grid facilities, which are part of the UNEG, for republics of the Northern Caucasus and the Stavropol Region:

For 2010 – 37,845.23 RUR/MW*month.

For the period from 01.01.2011 till 31.03.2011 – 46,029.88 RUR/MW*month;

For the period from 01.04.2011 till 30.06.2012 – 43,783.55 RUR/MW*month;

For the period from 01.07.2012 till 30.06.2013 – 48,540.01 RUR/MW*month.

2008- 2012 Tariff Rates on Services of Electric Energy Transmission on Maintenance of Electric Grid Facilities, which are Part of the UNEG Set for the Company (RUR/MW*month)

