

INVESTMENTS

INVESTMENT INDICATORS

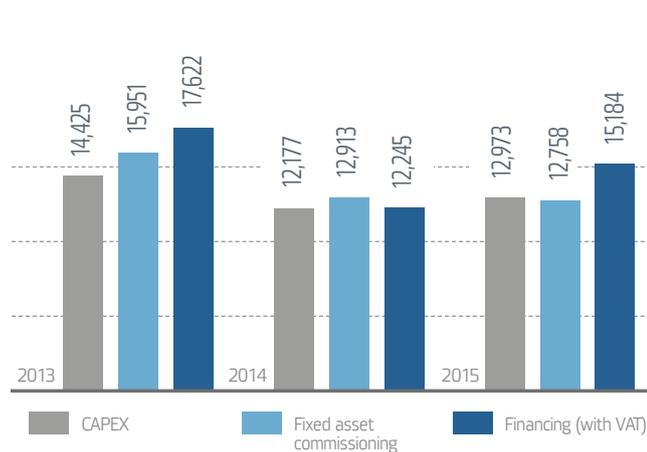
The amount of the capital investment by IDGC of Centre in 2015 totaled RUB 12,973 mln. All the measures taken under the investment programme were in line with the planned indicators and requirements approved by the authorities of the regions where the Company operates.

In 2015, the Company commissioned 4,785 km of power lines and 1,228 MVA of transformer capacity. There was a significant increase in capacity due to accepting and purchasing the assets of other companies – 6.7 k km and 1.7 k MVA, including the assets of its subsidiary - Yargorelectroset OJSC (3,976 km and 1,174 MVA).

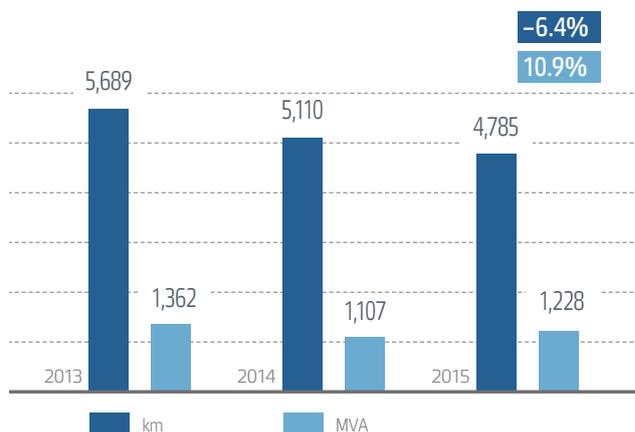
Actual investment by IDGC of Centre in 2013–2015

Period	Capital investment (VAT excl)	Commissioning of fixed assets (VAT excl)	Financing (incl. VAT)	Commissioning of capacity		Capacity increase	
	RUB mln			km	MVA	km	MVA
2013	14,425	15,951	17,622	5,689	1,362	3,112	891
2014	12,177	12,913	14,245	5,110	1,107	2,560	602
2015	12,973	12,758	15,184	4,785	1,228	6,728	1,739

Investments in 2013–2015, RUB mln

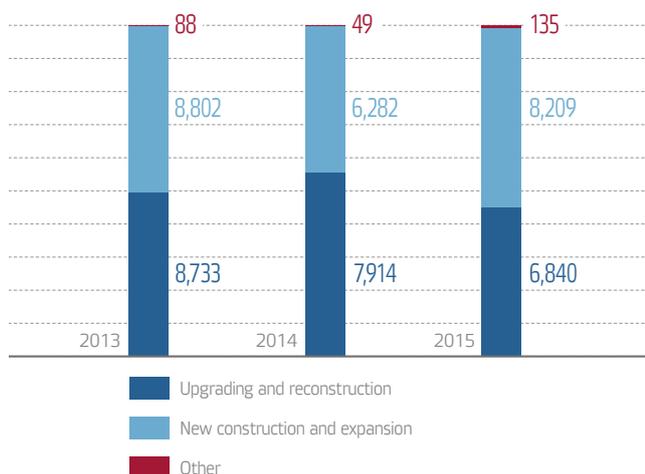


Capacity commissioning in 2013–2015



AREAS AND STRUCTURE OF CAPITAL INVESTMENT FINANCING

CAPEX financing structure in 2013–2015, RUB mln

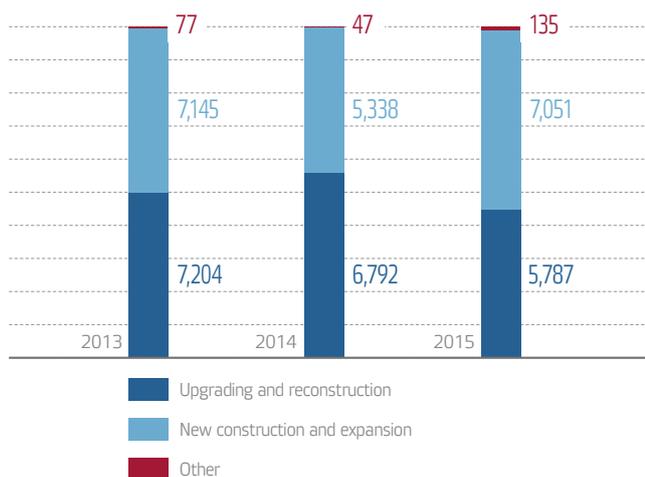


The amount of capital investment financing in 2015 totalled RUB 15,184 mln (VAT included) and was used for the following measures:

- 45% for retrofitting and upgrading: RUB 6,840 mln;
- 54% for new construction and expansion: RUB 8,209 mln;
- 1% to acquire electrical grid assets, and to implement other programmes and measures (other): RUB 135 mln.

15,184 RUB mln
were CAPEX funding of IDGC of Centre in 2015

CAPEX structure in 2013–2015, RUB mln



In 2015, capital investments amounted to RUB 12,973 mln and were used for the following measures:

- 45% for retrofitting and upgrading: RUB 5,787 mln;
- 54% for a new construction and an expansion: RUB 7,051 mln;
- 1% to acquire electrical grid assets, and to implement other programmes and measures (other): RUB 135 mln.

12,973 RUB mln
were the amount CAPEX of IDGC of Centre in 2015

There were significant changes in the structure of capital investment in 2015.

Investments into new construction and extension took the largest share in the investment programme in 2015, and there was an increase up to 54% of total investment (compared to 44% in 2014) due to the necessity of new grid connections and grid infrastructure development in limited financial conditions.

Investments into retrofitting and upgrading decreased to 45% (compared to 56% in 2014) due to optimisation of the retrofitting and upgrading programme and measures to control construction and retrofitting expenses.

Investment in financing in 2015 amounted to RUB 15,184 mln, an increase by 6.6% compared to 2014. This increase was due to increase in grid connection financing.

Spheres of financing in 2013–2015, RUB mln

Areas of funding	2015	2014	2013
Total	15,184	14,245	17,622
Priority projects	125	295	756
<i>retrofitting and upgrading</i>	56	126	279
<i>new construction</i>	68	169	477
Top priority programmes	-	-	-
<i>retrofitting and upgrading</i>	-	-	-
<i>new construction</i>	-	-	-
Programmes	2,092	2,391	2,878
<i>retrofitting and upgrading</i>	1,805	2,384	2,848
<i>new construction</i>	287	6	30
Grid connection, including	9,436	6,693	9,310
<i>Grid connection sites with capacity of over 750 kW (HV, MV1)</i>	1,650	610	1,037
<i>Grid connection sites with capacity of 100 – 750 kW (MV2)</i>	1,070	1,567	3,214
<i>Grid connection sites with capacity of 15 – 100 kW</i>	1,741	1,976	1,978
<i>Grid connection sites with capacity of up to 15 kW</i>	4,976	2,541	3,080
<i>Generation</i>	-	-	-
Distribution grids	2,162	2,687	2,126
<i>retrofitting and upgrading</i>	1,412	2,575	2,066
<i>new construction</i>	749	113	60
Automation of technological control (excl. automatic system for commercial measurement of electricity consumption)	336	561	1,040
Electricity measurement instruments	72	306	350
Safety programmes	47	112	91
Acquisition of grids, land plots and other facilities	110	8	12
Other programmes and measures	804	1,191	1,060
For reference:			
retrofitting and upgrading	6,840	7,914	8,733
new construction	8,209	6,282	8,802
Other	135	49	88



Information on performance at priority facilities in 2015 is shown in Appendix 3.6 to this Annual Report.

In 2015, IDGC of Centre did not implement projects financed by the Federal budget.

INVESTMENT PROGRAMME RESULTS

The measures taken by IDGC of Centre in 2015 under the investment programme had the following results:

Reduction of investment costs

15%

was the increase of the investment efficiency in 2015 versus 2012

2,703 RUB mln

were the effect of reducing investment costs

As a result of using methods of planning the reduction of investment costs by 30% compared to 2012 (pursuant to the Strategy for the Russian Power Grid Complex development approved by Decree No 511-r of the Government of the Russian Federation dated April 3, 2013), IDGC of Centre reduced investment costs by RUB 2,703 mln (excluding VAT). The Strategy for the Russian Power Grid Complex development stipulates the increase of investment efficiency by 30% by 2017. The target increase of 15% by 2015 was achieved.

Contracts for grid connection

Contracts executed and grid connection certificates signed

Number of contracts	plan – 2015		actual – 2015		Deviation – actual/plan	
	abs.	%	abs.	%	abs.	%
Number of contracts executed and grid connection certificates signed	48,069	63,302	15,233	24		
Applicants for maximum capacity of up to 15 kW included (with previously connected power installations)	46,078	60,983	14,905	24		
Capacity volume (executed contracts, grid connection certificates signed), MW	1,054	1,137	82	7		
Applicants for maximum capacity of up to 15 kW included (with previously connected power installations), MW	472	644	172	27		

Commissioning of capacity required for the above measures

To perform the activities of power input was provided on grid connection.

Parameter	plan – 2015		actual – 2015		Deviation – actual/plan	
	abs.	%	abs.	%	abs.	%
Total for grid connection, km	2,972	3,575	603	17		
Applicants for maximum capacity of up to 15 kW included, km	2,040	2,685	645	24		
Total for grid connection, MVA	765	851	85	10		
Applicants for maximum capacity of up to 15 kW included, MVA	170	209	39	19		

Reduction of electricity losses

164.6 mln kWh

were the effect of the Programme for energy saving and energy efficiency

In 2015, pursuant to the energy saving and efficiency improving programme, the Company reduced electricity losses by 164.6 mln kWh (vs. plan – 118.44 mln kWh). The loss reduction under the investment programme was as follows:

- Technical loss reduction: plan – 4.45 mln kWh, actual – 7.12 mln kWh, or 160% of the plan.
- Modernisation of the electricity metering system and the billing system: plan – 45.34 mln kWh, actual – 49.85 mln kWh, or 110% of the plan.

Capacity utilisation and increase of main substations

36 %

actual capacity utilisation at the end of 2015

The actual capacity utilisation in 2015 was 36% vs. 31% of the plan.

Depreciation of fixed assets

73.2 %

is the level of wear and tear of power grid facilities of IDGC of Centre

As of December 31, 2015 the depreciation of the Company's facilities was 73.2%.

Breakdown reduction

by 21.8 %

the specific failure rate decreased

The number of breakdowns reduced by 19.5% in 2015 compared to 2014. The breakdown rate per unit decreased by 21.8% and was 9.7 breakdowns per 1000 equipment units.

For more details see page 31 of this Annual Report.

LONG-TERM INVESTMENT PROGRAMME

The Company's long-term investment programme has been designed taking into account the Company's current production goals, objectives and development plans, and the regions in which it operates. The programme is also based on investment programmes of the Company's branches approved by the regional executive bodies of the Russian Federation territorial entities.

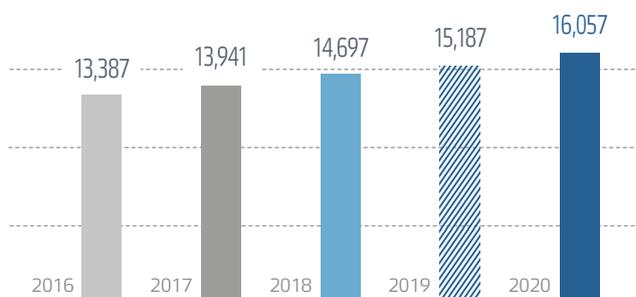
The planned capital investment under the 2016-2020 investment programmes provides for an increase in investments with no significant changes in dynamic pattern.



The parameters of the long-term investment programme for 2016-2020 (amounts of financing, commissioning of fixed assets, commissioning of capacity) are shown in Appendix 3.6 to this Annual Report.

The development of the long-term programme of the Company involved scenarios of power industry development up to 2030¹, the requirements of the industry's technological policy, and social and economic growth forecasts for the regions.

Planned CAPEX in 2016-2020, RUB mln w/o VAT



¹ Approved by Decree No. 511-r of the Government of the Russian Federation dated April 3, 2013.