**Litgrid 9 months results: high energy prices lead to loss,
strategic projects are on track**

**Lithuanian electricity transmission system operator Litgrid suffered a net loss of €43.5 million in the first 9 months of this year due to high electricity prices. This did not affect the company's consistent implementation of strategic projects of electricity system synchronisation with the continental Europe and ensuring the smooth operation of the electricity transmission system. In response to the situation in the electricity market, Litgrid also proposed to allocate part of the congestion management revenue received by the company to consumers, thus damping the increase in the electricity transmission service price for the next year.**

"In the third quarter of the year, we took some very important steps in the implementation of synchronisation projects. We have signed three new contracts and completed the last public procurements for the construction of overland transmission lines and substations required for synchronisation. During the same period, we purchased software for the automatic generation control system, a synchronisation project that ensures system reliability. We are moving forward in the synchronous condenser project: we have prepared the substations for connecting these devices and are participating in the factory tests of the condensers. Finally, in this quarter we have completed the last of the spatial planning works, this time for the Harmony Link offshore interconnector and Darbėnai switchboard", says Rokas Masiulis, CEO of Litgrid.

According to him, in terms of financial results, high electricity prices had a negative impact on the company.

"We buy the electricity required to compensate the technological losses of the transmission network at the market price, so our cost of compensating technological losses has increased by 3.7 times. For this reason, although at the same period last year we earned profit, this year our net result was loss", says R. Masiulis.

In August, in response to increased electricity market prices, Litgrid proposed to the National Energy Regulatory Council to assign most of the congestion management revenue received in 2023 for reducing the price of electricity (the rest is allocated to strategic projects).

Revenues from congestion management are not considered company income and do not affect profit or loss. In October, by the regulator's decision, €142.3 million of congestion management revenue was allocated to compensate the growth of the electricity transmission service price. Due to the drastic increase in the price of electricity, the price was set to increase three times next year, but after the decision to use the congestion management revenue, it in fact will decrease by 4 percent compared to this year.

To speed up the connection of renewable energy projects and ensure better service quality for the customers, Litgrid established the Renewable Energy Center in October. In the third quarter, two important innovation projects were launched that will contribute to the development of renewable energy: dynamic line rating technologies supported by sensors and artificial intelligence have been implemented in the electricity transmission network, which will make it possible to transmit more electricity through the same power lines. Litgrid also agreed to cooperate with Kaunas University of Technology in the areas of energy storage systems and transmission network management. Studies important for the development of renewable energy were also completed.

**Reliability of supply**

In the first 9 months of this year, the amount of electricity transmitted through Lithuanian transmission grid decreased compared to the same period last year. In the 9 months of 2022 the electricity transferred for the country's needs amounted to 7.603 TWh, which is 4.5 percent less than at the same time in 2021, when 7.959 TWh was transferred.

Litgrid continued to meet the planned targets for electricity supply reliability indicators in the maintenance and management of the electricity transmission system. In the 9 months of 2022 the average interruption time (AIT) was 0.359 min and energy not supplied (ENS) was 10.847 MWh. For comparison, the regulator has determined that AIT should not exceed 0.934 min and ENS should not exceed 27.251 MWh throughout the year.

The total availability of intersystem connections with Sweden (NordBalt) and Poland (LitPol Link) was 100 percent and 97.8 percent, respectively. The greatest influence on the unavailability of LitPol Link was due to planned works in the implementation of one of the main projects of synchronisation with the continental Europe – the expansion and adaptation for synchronous work of the connection with Poland.

**Financial Results**

In the first 9 months of this year, Litgrid's revenue reached €288.3 million. Compared to the same period last year, it has increased by 67.2 percent. Income from electricity transmission decreased because of lower price set by the regulator and lower amount of electricity transmitted by 7.7 percent to €53.8 million, but the overall revenue growth was mainly due to the increased revenue from imbalance and balancing energy. Due to the larger wholesale electricity market prices, this income increased 3.8 times to €126.5 million. The system balancing service provided by Litgrid is always zero-profit, i.e. the increase or decrease of income does not affect the amount of profit (loss), since this income only covers the costs actually incurred, which also have increased by 3.8 times.

The company's 9-month earnings before interest, taxes, depreciation and amortization (EBITDA) were a loss of €34.9 million. In comparison, in 2021 9-month EBITDA amounted to €41.3 million. The net loss for 9 months of this year was €43.5 million (net profit for the 9 months of 2021 was €20.9 million). The loss was mainly caused by the increased costs of compensating technological losses in the transmission network, which grew 3.7 times to €75.4 million due to increase in electricity prices. The regulator includes the compensation of these costs in the transmission tariff, considering the forecasted price of electricity in the future, but this year the actual price of electricity significantly exceeded the level forecasted at the end of last year. The loss was also influenced by the lower amount of electricity transferred, amounting to €4.5 million reduced transmission income, €10.5 million lower system services profit and €4.5 million higher operating costs.

Within 9 months, Litgrid also received €212.5 million of congestion management revenue, of which €148.1 million during the third quarter. Compared to the corresponding period of the previous year, congestion management revenue was 11.8 times higher. These inflows are not considered income and do not affect the company's financial performance, and their use is regulated by the EU legislation and the methodology approved by the Agency for the Cooperation of Energy Regulators (ACER). Congestion management revenue is mainly used for partial financing of the company's investments that increase the capacity of connections between systems. This year, €142.3 million congestion management revenue was allocated for to compensate the growth of the electricity transmission price, the rest was allocated to the financing of energy infrastructure projects of strategic importance.

Investments in the 9 months amounted to €30.3 million, of which 28 percent were allocated for the implementation of strategic and state-important electricity projects, and 72 percent – for the reconstruction and development of the transmission network and maintenance of operations.