Press release

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**Litgrid's 2023 results: objectives reached, reliability of electricity transmission ensured, loss turned into profit**

**In 2023, Litgrid, the Lithuanian electricity transmission system operator, has achieved its objectives of preparing for synchronisation with the continental European grid, connecting renewable generation capacity to the transmission grid and ensuring reliable electricity transmission. While the company's revenues declined, the loss of a year ago was replaced by a profit.**

"Over the past year, we have taken very important steps to prepare for the disconnection of the Lithuanian electricity grid from the Russian-controlled system and the connection to the Continental European synchronous area. We successfully carried out the isolated operation test of the Lithuanian power system, installed the automatic generation control system, delivered and started connecting the first synchronous compensators to the grid. We have also agreed with the Latvian and Estonian operators on a specific date for synchronisation, which will take place in February next year," said Rokas Masiulis, CEO of Litgrid.

In order to ensure the development of renewable energy sources, at the beginning of the year the National Energy Regulatory Council (NERC) approved Litgrid's new description of the procedure for the use of electricity transmission grid. During the year, Litgrid signed Letters of Intent with developers to connect 24 new projects with a total permitted generation capacity of 1.7 GW to the onshore transmission grid.

"Last year, we continued to provide assistance to Ukraine, which is defending itself against the Russian invasion. During the year, we handed over two 330 kV autotransformers to Ukrenergo, the country's electricity transmission system operator. These are the main and most important pieces of equipment used in the transmission grid substation. We also sent other equipment. In total, the market value of Litgrid's support to Ukraine amounts to around EUR 6 million," said R. Masiulis.

**Reliability of supply**

Lithuania's transmission grid saw a decline in electricity transmission volumes last year. In 2023, the country transmitted 9.525 terawatt-hours (TWh) of electricity, marking a 6.9% decrease from 2022, when the transmission stood at 10.234 TWh. This reduction can be attributed to the increasing number of generating consumers connecting to the distribution grid.

Despite the decrease in transmission volume, Litgrid successfully upheld its reliability targets for electricity supply by effectively managing and maintaining the transmission system. In 2023, the average interruption time (AIT) was recorded at 0.835 minutes, with an energy not transmitted (ENS) of 23.232 megawatt-hours (MWh). In comparison, NERC's benchmarks set the AIT for the entire year at 0.934 minutes, with an ENS of 27.251 MWh.

The availability of interconnectors with Sweden (NordBalt) and Poland (LitPol Link) stood at 92.79% and 98.19%, respectively. The overall availability of these interconnectors was primarily influenced by the NordBalt interconnector's failure on the Swedish side during autumn and scheduled annual maintenance works.

**Financial results**

According to unaudited figures, Litgrid's revenue in 2023 will reach EUR 369.8 million. Compared to the previous year, it was 12% lower. Electricity transmission revenues (including €142.3 million of congestion revenues used for tariff reduction) increased 2.8 times to €206.5 million.

The main reason for the increase in transmission revenues is that the 2023 transmission price and the costs to compensate for technological needs were more than 5 times higher than in the 2022 price.

However, revenue from ancillary services plummeted by 79.6% to EUR 28 million, mainly due to NERC's 59% reduction in the price for these services.

Litgrid's earnings before interest, taxes, depreciation, and amortization (EBITDA) for 2023 totaled EUR 78.3 million. Adjusted EBITDA, factoring in temporary regulatory deviations from NERC-approved levels, stood at EUR 37.5 million, up from EUR 34.6 million in 2022. This increase was primarily driven by higher revenues from non-regulated activities.

The net profit for 2023 amounted to EUR 48.4 million, a significant turnaround from the EUR 49.5 million loss recorded in 2022. This positive shift was primarily due to increased transmission revenues and decreased costs associated with compensating technological losses due to lower electricity prices. Adjusted net profit for 2023 reached EUR 22.2 million, compared to EUR 13.8 million in 2022, mainly influenced by a EUR 5.3 million improvement in the financial result.

In terms of investments, Litgrid allocated EUR 160.5 million in 2023, with 66% directed towards strategic and nationally important electricity projects and 34% towards transmission network reconstruction, development, and operational support.

Congestion management revenues in 2023 amounted to EUR 108.5 million, a notable 59.4% decrease from 2022. These revenues, while not directly contributing to Litgrid's operating result, are governed by EU Regulation No 2019/943 and ACER-approved methodologies. They are primarily utilized to partially finance the company's investments aimed at enhancing interconnector capacity.