



PRESS RELEASE | Brussels, 20 October 2021 18:00pm – Elia Group (Euronext: ELI)

German regulator sets return on equity for electricity and gas networks for the next regulatory period

Regulated information

BNetzA has published the future equity remuneration for all gas and electricity grid operators for the next regulatory period (electricity 2024-2028), at a pre-tax rate of 5.07%, post-tax 4.13%. For assets commissioned before 2006, this corresponds with a pre-tax rate of 3.51%, post-tax 2.86%.

The reduction in regulatory return on equity happens at a point in time when investment volume must continue to grow in order to achieve accelerating climate protection targets. Today's determination of the equity interest rate alone would lead to a substantial reduction of annual earnings starting in 2024, which will then not be available for the urgently needed investments in the expansion of our grid infrastructure.

By determining the regulatory return on equity, one of the elements of the regulation has been fixed by the BNetzA. Other components affecting the future regulatory return, such as industry efficiency factor ('Xgen'), individual system operator efficiency factor ('Xind') and individual cost base are not yet fixed, but should be determined within the next 15 months. Beside these components, we expect the impact of the decrease in return on equity to be partially mitigated by a change in regulatory regime. The German regulatory framework for onshore investment remuneration will be transitioning from an investment measures regime to a capital cost adjustment model as from 2024. An advantage of this new regime is that all Capex will be treated equally: there will be no distinction anymore between investment measures and replacement projects, with the total asset values being updated on an annual basis. During a transition period (2024-2028), specific arrangements such as the right to continue ongoing projects within the current regime and a fixed adder (socket) for specific assets are granted.

Given the lower regulatory return on equity, the overall return for the German activities will decrease. However, we are confident that 50Hertz' continuous focus on operational efficiency and the transitional arrangement to the capital cost adjustment model, will contribute to mitigate partially the negative impact. The overall return over the next regulatory period (2024-2028) will be set when all the parameters of the regulation are determined.

About Elia Group

One of Europe's top five TSOs

Elia Group is a key player in electricity transmission. We ensure that production and consumption are balanced around the clock, supplying 30 million end users with electricity. Through our subsidiaries in Belgium (Elia) and north and east Germany (50Hertz), we operate 19,276 km of high-voltage connections, meaning that we are one of Europe's top 5 transmission system operators. With a reliability level of 99.99%, we provide society with a robust power grid, which is important for socioeconomic prosperity. We also aspire to be a catalyst for a successful energy transition, helping to establish a reliable, sustainable and affordable energy system.

We are making the energy transition happen

By expanding international high-voltage connections and incorporating ever-increasing amounts of renewable energy into our grid, we are promoting both the integration of the European energy market and the decarbonisation of society. We also continuously optimise our operational systems and develop new market products so that new technologies and market parties can access our grid, thus further facilitating the energy transition.

In the interest of society

As a key player in the energy system, Elia Group is committed to working in the interest of society. We are responding to the rapid increase in renewable energy by constantly adapting our transmission grid. We also ensure that investments are made on time and within budget, with a maximum focus on safety. In carrying out our projects, we manage stakeholders proactively by establishing two-way communication channels between all relevant parties very early on in the development process. We also offer our expertise to different players across the sector in order to build the energy system of the future.

International focus

In addition to our activities as a transmission system operator, we provide various consulting services to international customers through our third subsidiary, Elia Grid International (EGI). Elia (in Belgium) is also part of the Nemo Link consortium, which operates the first subsea electrical interconnector between Belgium and the UK.

The legal entity Elia Group is a listed company whose core shareholder is the municipal holding company Publi-T.

MORE INFORMATION: [eliagroup.eu](https://www.eliagroup.eu)



For further information, please contact:

Investor Relations

Yannick Dekoninck | T +32 2 546 70 76 | M +32 478 90 13 16 | investor.relations@elia.be

Stéphanie Luyten | T +32 2 546 74 29 | M +32 467 05 44 95 | investor.relations@elia.be