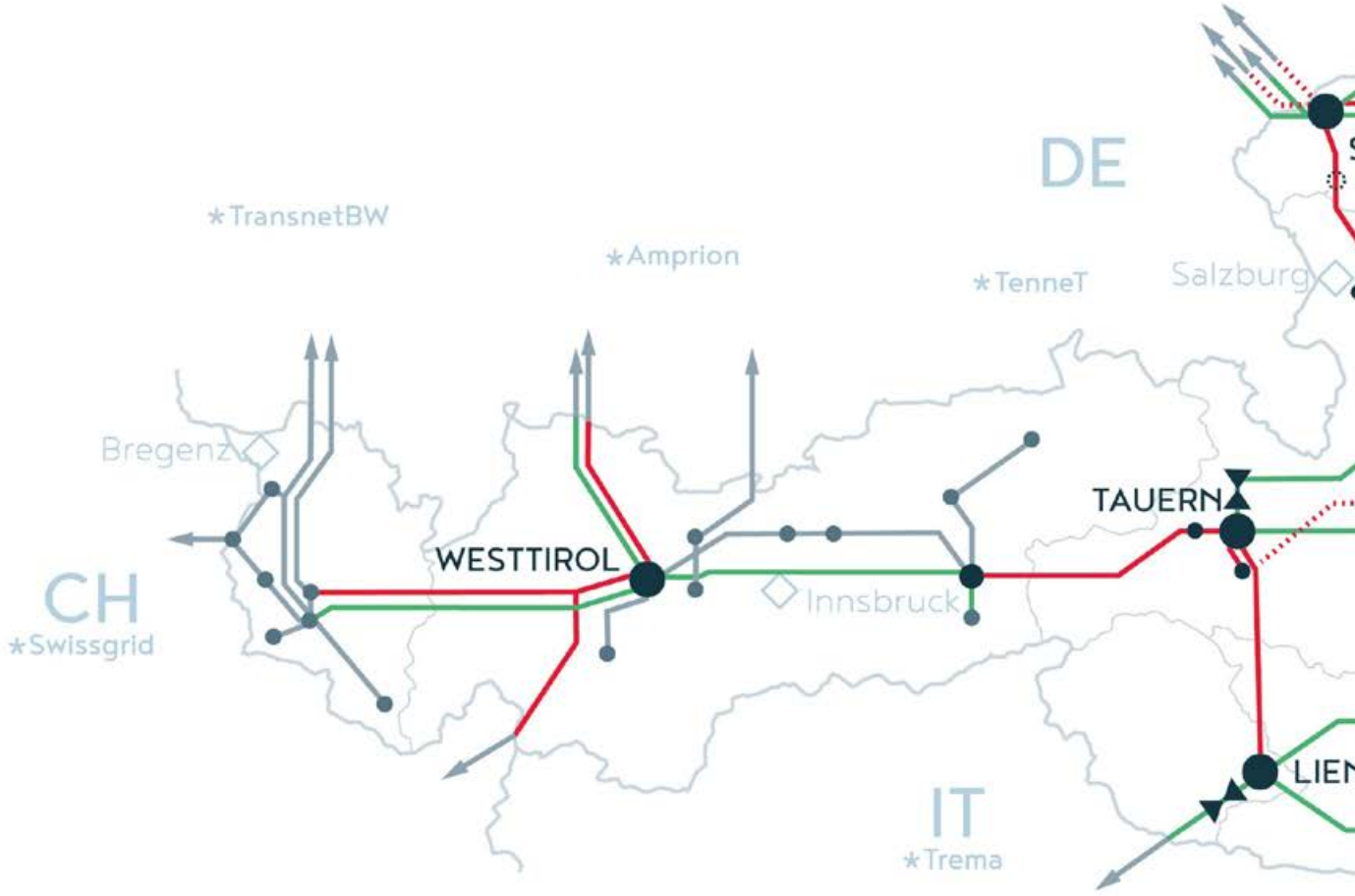
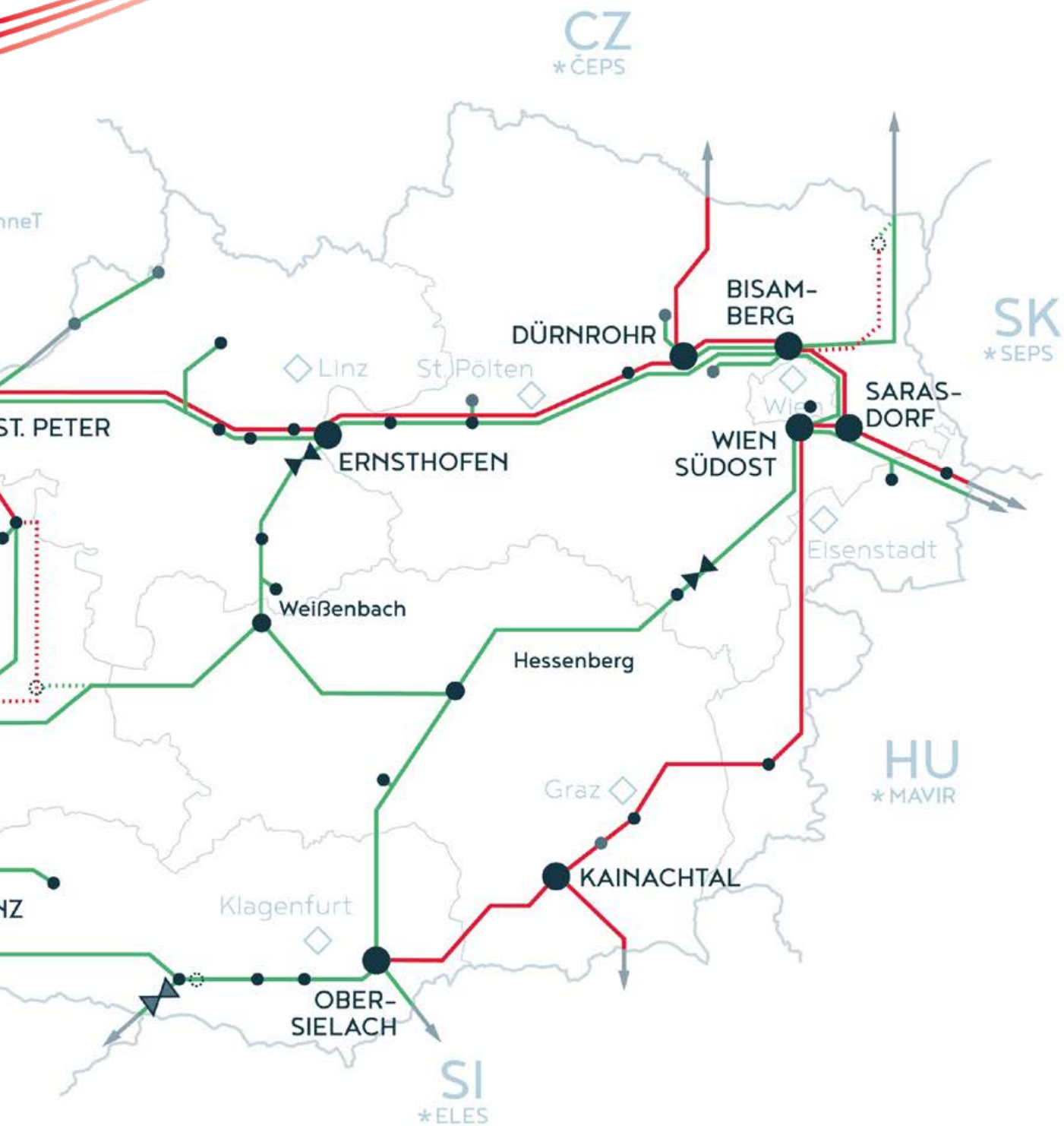
Austrian Power Grid

Annual Report 2020

Austria needs power infrastructure.

Austrian ultra-high voltage grid





Austrian
Power
Grid

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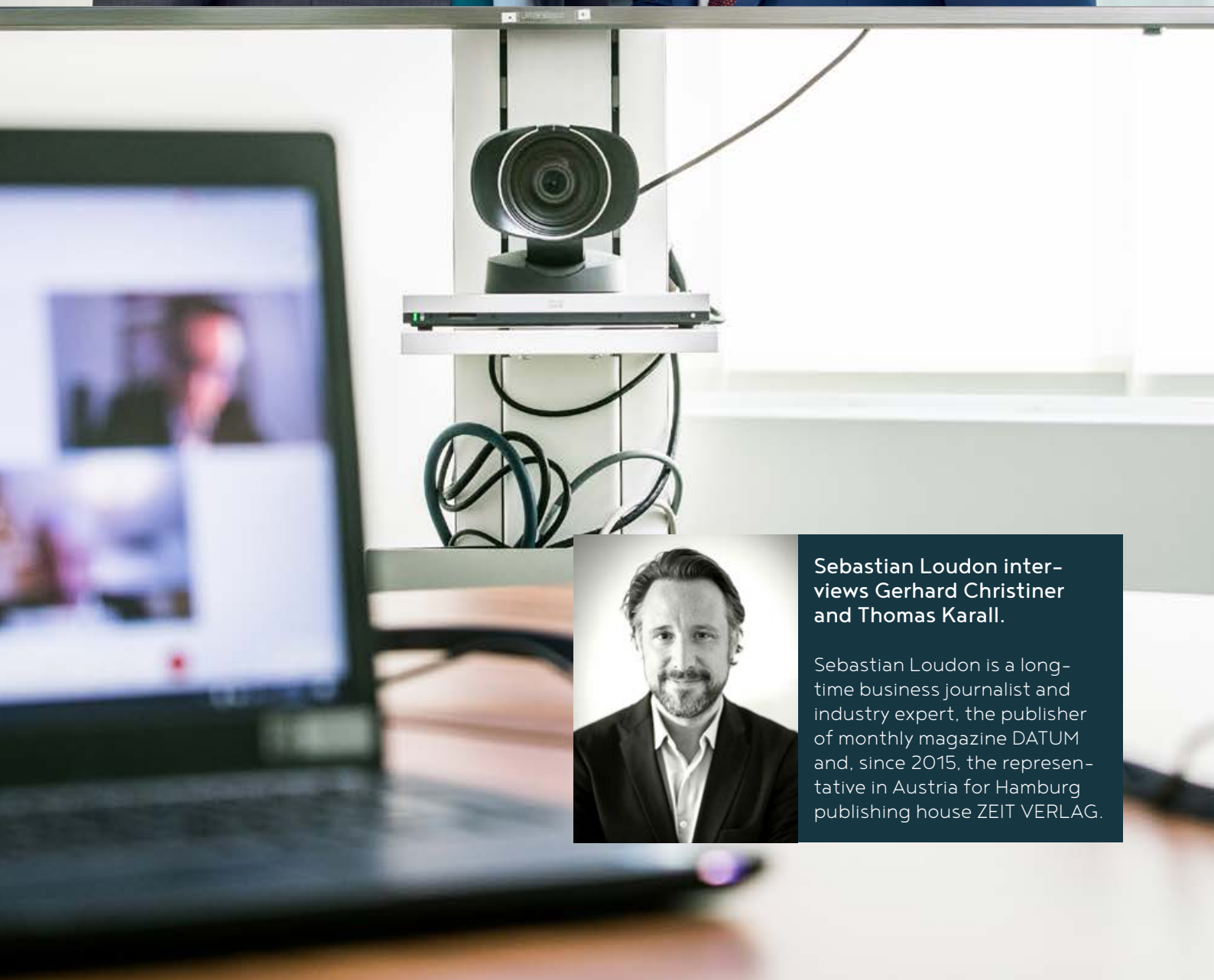


Sebastian Loudon interviews Gerhard Christiner and Thomas Karall.

Sebastian Loudon is a long-time business journalist and industry expert, the publisher of monthly magazine DATUM and, since 2015, the representative in Austria for Hamburg publishing house ZEIT VERLAG.

“The year 2020 was a game changer for APG.”

The two APG Executive Board members, Thomas Karall (Chief Financial Officer) and Gerhard Christiner (Chief Technology Officer), talk about 2020, which became a game changer of a year for APG.

Thinking back to 2020, what were the key milestones for Austrian Power Grid AG?

Gerhard Christiner: Undoubtedly the positive decision handed down by the Supreme Administrative Court (VwGH) on the construction of the Salzburg line. On 15 October 2020, the Court dismissed the content of all appeals, bringing to an end the years of legal questions surrounding this project. This legal clarification fully confirmed APG’s position and allowed Austria’s most important power infrastructure project to finally get off the ground.

Thomas Karall: Just as important was the parliamentary resolution at the end of 2020, where unanimous agreement was reached on the “New Grid Reserve” (“Netzreserve Neu”), an essential ingredient for a secure supply of electricity during the transformation of the energy system. This resolution anchored a market-based system by means of which the necessary redispatch capacity (continued operation of the power plants relevant to congestion management) will remain available for the period as of 2022. This law is essential for a secure supply of electricity in the coming years.

“The grids are the unsung giants of the global energy system. Greater focus must now be placed on their expansion.”

Gerhard Christiner

Let’s turn to the coronavirus pandemic – a year that was certainly an exceptional one in terms of APG’s external impact, as the critical infrastructure was thrust into the public eye.

Christiner: The first lockdown was very extensive and for a short time caused major problems for our globalised economy with its division of labour. Companies like APG have the advantage that they practise crisis scenarios and can put that experience to use at any time. All our employees who were able to work from home did so; that was more than 70% of them. As a precautionary measure at the beginning of the coronavirus pandemic, we suspended work at all of our construction sites for a short time and concentrated on running stable core operations. That worked really well.

Karall: In the first lockdown, one of our worries was whether the market, which is not at all prepared for such scenarios, would continue to function fully. Electricity consumption in Europe dropped abruptly; by 15% in Austria and by more than 30% in Italy and France. But the system remained stable. For us as a company, it was important to best protect the members of staff who run our core operations. For this, we introduced a system of splitting up teams, with the teams working at different locations.

APG attached greater importance to working actively on the brand and external communications last year and even won two spots in the Sustainable Brand Ranking. What is the aim of your communications drive?

Christiner: In the past, perceptions of APG were polarised due mainly to our grid expansion projects, such as the 380-kV line in Salzburg. So our communications were often problem-driven. The aim we set ourselves is to increase the extent to which we are perceived as an innovative company and above all as an essential player and enabler of the energy transition. The coronavirus crisis has very much raised public awareness of security of supply. As a result, the entire critical infrastructure has become more highly valued.

Karall: Seen from this perspective, COVID-19 was a game changer for us because there was suddenly much greater awareness of our critical role. Ever since the disruption to the grid on 8 January 2021, we have also seen that we are suddenly viewed quite differently by the media. We are now actively invited to take part in the debate on the energy transition – previously, we had to encourage people to listen to us.

An accumulation of knowledge: Gerhard Christiner (l) and Thomas Karall (r) in the Executive Board interview.

The photo shown was taken before the coronavirus pandemic. At that time, it was not necessary to wear a face covering or maintain a safe distance.

The big issue facing you is the energy transition. How much of a strain do wind- and weather-dependent forms of energy place on security of supply?

Christiner: Due to the deregulation of the electricity market and the increased expansion of renewables, the energy system has become very dynamic and complex, and in the case of many developments not very much consideration has been given to the physical conditions. What we currently have is a European internal market, but a grid infrastructure that has not yet been expanded sufficiently for it. Renewable sources of energy are now being added to the mix on a massive scale, and there are two key aspects to them: they do not offer electricity at market prices because they are subsidised, and they are led not by consumption, but rather by how much wind there is or how strongly the sun is shining. It has been left to us to manage this complex situation. Making a coherent and secure system out of it is an enormous challenge. What we are already seeing is that nobody yet knows how a fully renewable system can function stably. Although there are partial solutions and many individual interests, we need an end-to-end solution.

“For us as a company, it is important to best protect the members of staff who run our core operations throughout the coronavirus pandemic.”

Thomas Karall

“Together, we are trying to find a safe path through this somewhat erratic transformation process shaped by national interests which we call the energy transition.”

Thomas Karall

Karall: In recent years, decarbonisation has clearly emerged as a societal goal, most recently through the EU’s Clean Energy Package (CEP). In the course of the discussions on the effects of the CEP, we recommended to the European Commission and the European Council via our interest group in Brussels that member states be required to report which types of power plant are being promoted or discontinued where and over what time horizon so as to enable agreement at supranational level. This was ultimately unsuccessful, however. If you want to make every effort to convert a system, the main parameters need to be coordinated between the member states. But they are all playing their cards close to their chest. Together, we are trying to find a safe path through a transformation process very much shaped by national interests so that the whole thing can ultimately be combined into a stable and secure European market.

At whom primarily would your appeal be aimed?

Karall: Our appeal is aimed at national and European policymakers: our experts must also be involved in working out regulations. The Clean Energy Package was the first time that this did not happen. I consider this decoupling to be extremely dangerous because political specifications are set for a technical system without questioning whether the technical system is robust enough and truly prepared for it.

Previously, APG had to do one thing above all: function. What role do you see for APG in the future in this new, dynamic environment of the energy transition?

Christiner: In the course of the energy transition, we need not just grid expansion, but also a digital transformation that enables much more flexibility to be created – including on the customer side. The power system will evolve from a still largely analogue, centrally managed system into a digitalised, decentralised system where customers play a more active role. With this in mind, we recently joined a consortium of European grid operators that is establishing a crowd balancing platform for Europe. This involves bringing small-scale flexibility units onto one IT platform. That means, if you have a device in your household that can most definitely be switched off for 15 minutes, a heat pump say, you could have that device controlled directly. The aim is a platform on which all of this small-scale flexibility is directly connected and combined to form larger products. This enables customers outside the traditional energy economy to access flexibility markets.

“A gap has emerged between market and technology and we need to rectify it.”

Gerhard Christiner

Gerhard Christiner, CTO (l), and Thomas Karall, CFO of APG (r)

Foreword by the Chairman of the Supervisory Board

"The €360m of investment projects implemented by APG in 2020 are an important source of impetus for the Austrian economy – especially in light of the coronavirus crisis – and also an essential ingredient for the success of the energy transition and a sustainable, secure supply of electricity in our country."

Dr Peter F. Kollmann

Dear ladies and gentlemen,

I would like to sincerely thank all Austrian Power Grid AG employees for their successful and hard work.

Their management of the enormous challenges posed by the coronavirus crisis has shown that Austria can rely on APG. A secure supply of electricity is an important anchor of our modern digital society. Decentralisation of work and working from home are unthinkable without this reliability.
APG carried out €360m of investment projects in 2020 and thus provided an important source of impetus for Austria's economy. These investments lay the foundations for the secure electricity supply of the future and the sustained integration of renewables in Austria. APG is also making an important contribution through numerous research projects with the aim of playing a key part in shaping the future energy system.
Besides the Company's encouraging business performance, two events last year were of particular importance for security of supply in Austria and therefore for APG too. Firstly, Austria's Supreme Administrative Court provided the final legal clarification on the Salzburg line and, secondly, the "New Grid Reserve" ("Netzreserve Neu") was unanimously adopted by the National Council. APG had been working professionally and rigorously on both issues for many years. I would like to express appreciation and thanks to all employees for these efforts.
The transformation process in the energy sector is picking up speed and posing

major challenges for the companies involved. APG is playing a central role here. Decarbonisation, decentralisation, digitalisation and democratisation of the energy system require a high-performance power infrastructure. The adoption of the APG strategy and the vision of "performing while transforming" defined therein paves the way for us to take centre stage in the future power system in accordance with our social mandate.
The Supervisory Board would like to thank the Executive Board and all employees for the professional working relationship of trust in 2020 and for mastering the challenging tasks.

Dr Peter F. Kollmann
Chairman of the Supervisory Board

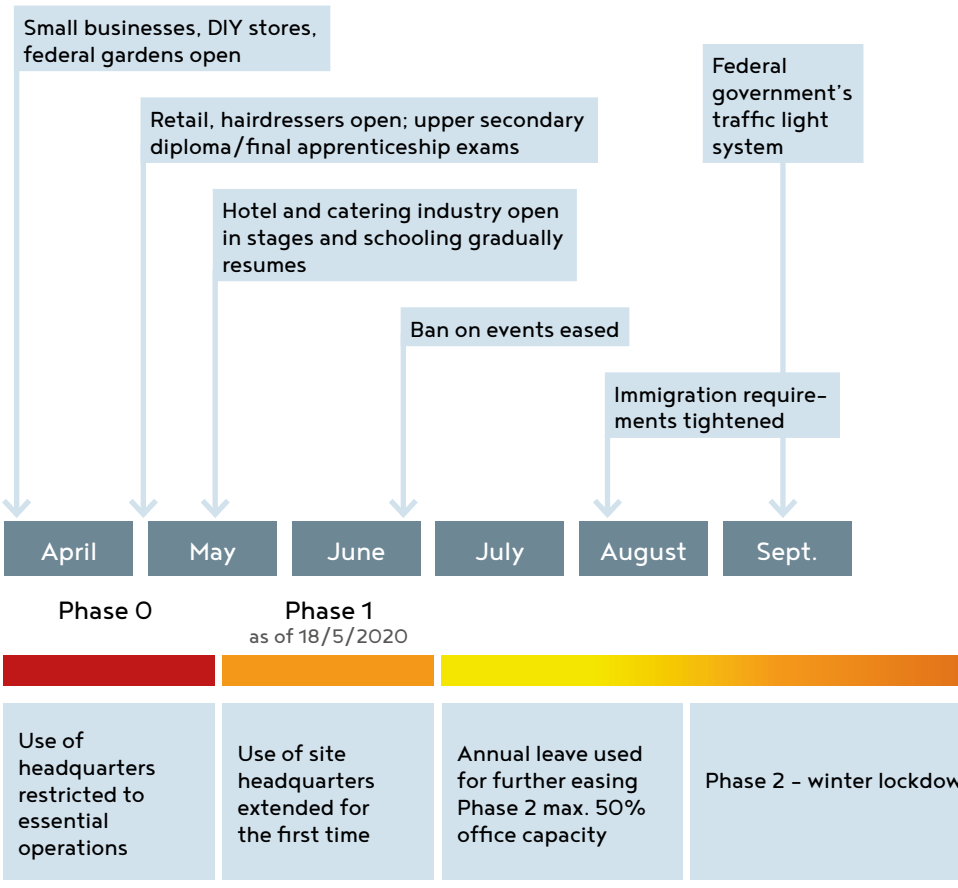
COVID-19

Across the world, in Austria, but also for APG as a power grid operator, COVID-19 was a far-reaching factor in 2020 and presented us with major challenges. Right at the beginning of the pandemic in Austria, on 10 March 2020, the crisis management system was activated. Our activities focused on the health of our employees, maintaining APG's ongoing ability to operate, communicating in a transparent and open manner both internally and externally, and - especially in what is the biggest crisis since the second world war - the aim of providing security and stability for Austria's economy and society.

Information campaign

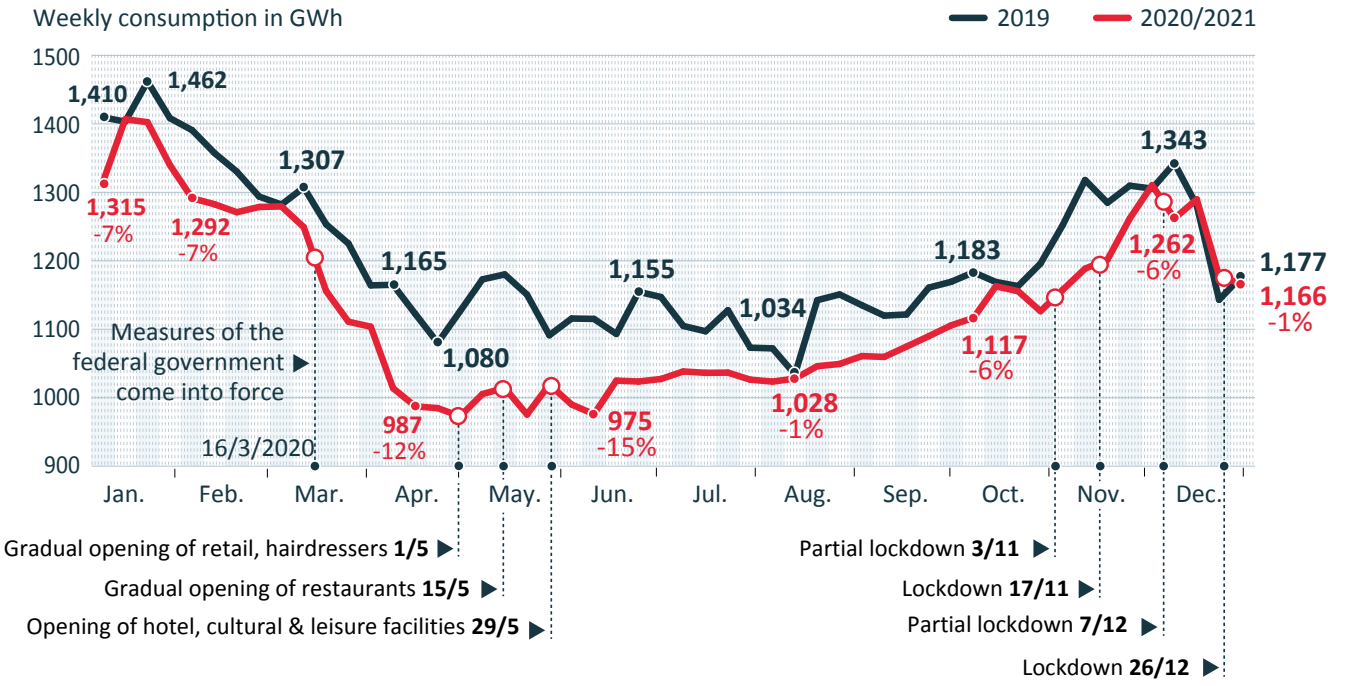
With an eye towards providing security of supply for Austria, APG actively supported the federal government's measures from the outset. After consulting with the Federal Chancellery, APG placed advertisements in all Austrian media, in which the message was "We ensure your supply of electricity". At the same time, we issued regular press releases, providing the public with information on current developments in the power industry and the measures we were taking. Through these communication measures, APG reached over 15 million readers in print and online media. As an internal measure to maintain its ongoing ability to operate, the highest standards of hygiene, mobility, face protection (including FFP2) and physical distancing were established in the APG workplace throughout the whole of last year. Apart from during the summer, it was standard procedure to work from home. Special arrangements were put into effect for the operation of control centres (including a system of splitting up teams) and in construction site operations (compliance with the regulation stipulated by the employer and employee representatives). Towards the end of the year, a special test strategy was also implemented in the APG workplace. To bolster internal team spirit, a special cultural programme was developed, the highlight of which was the first APG cookery book, "Cooking with He(a)rtz". Chains of infection have so far been avoided within the Company thanks to the measures put in place and continual internal contact tracing combined with immediate testing in suspected and precautionary cases. Despite the COVID-19 pandemic, the APG investment programme was fully implemented in 2020.

2020/2021 timeline



The pandemic electricity consumption curve in Austria

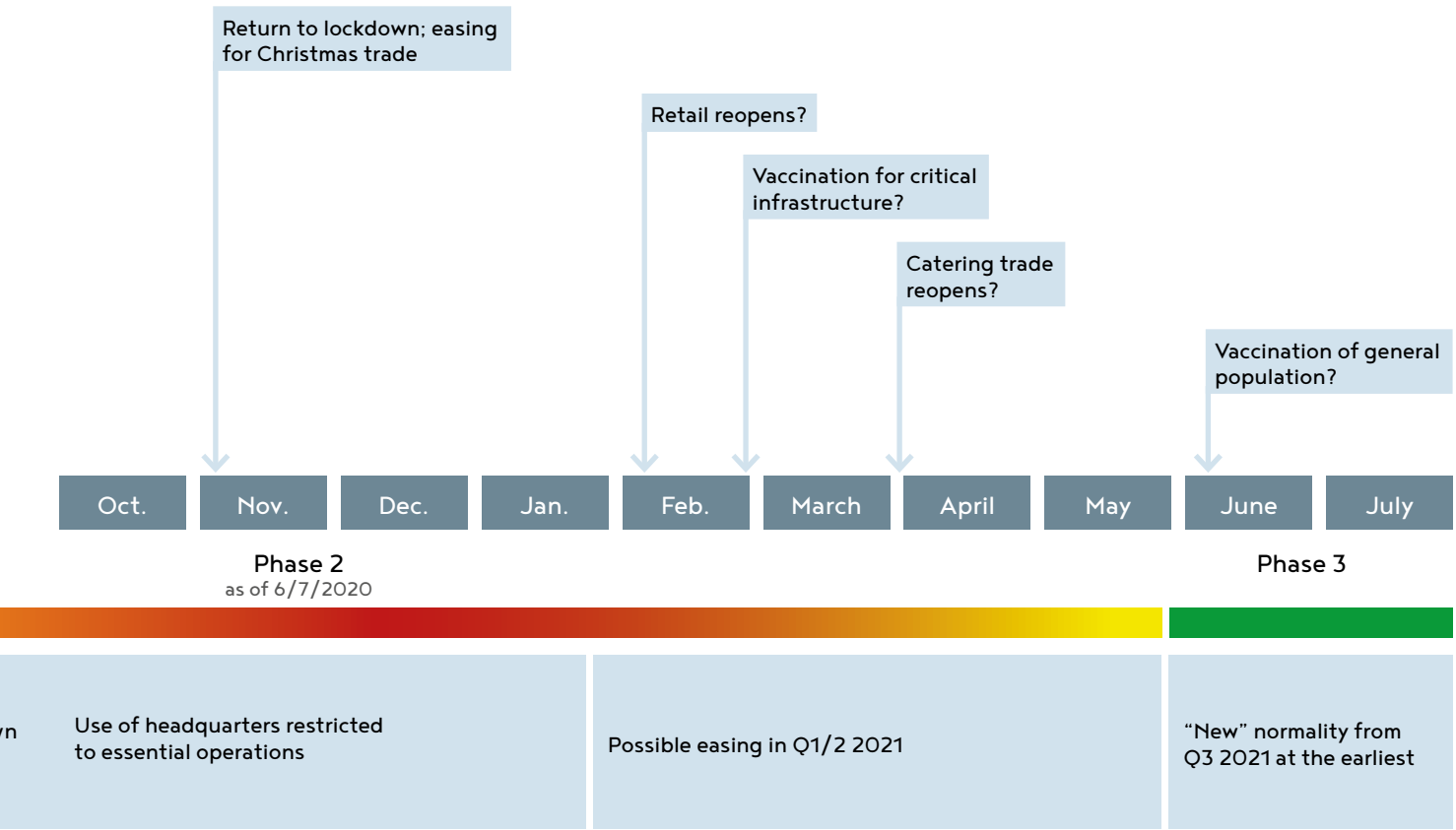
Development since the beginning of 2020 compared to 2019; change in percent



Client: Austrian Power Grid AG

Based on operating data including effects of temperature fluctuations and holidays

APA commissioned chart

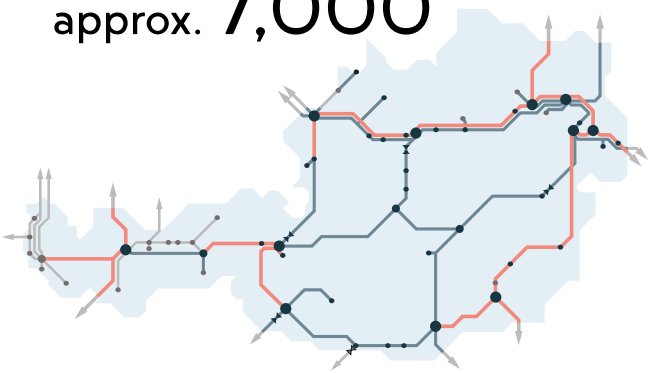


About Austrian Power Grid (APG)

As an independent transmission system operator, APG is responsible for providing a secure supply of electricity for Austria, its economy and society. Our high-performance power infrastructure allows us to integrate renewable energy, act as a platform for the electricity market, create access to low-cost electricity for Austria's consumers and thus form the basis of a sustainable place to live and conduct business. In 2020, our team of around 600 specialists once again ensured that Austria's electricity supply was 99.99% reliable. Our investments of around €360m in 2020 and our Network Development Plan amounting to some €3.1bn are an economic engine and an essential ingredient in achieving Austria's climate and energy targets. Now and in the future, we are committed to major trends of the times: decarbonisation, digitalisation, democratisation and decentralisation. Through our use of state-of-the-art technologies, we contribute to those trends.

APG in figures

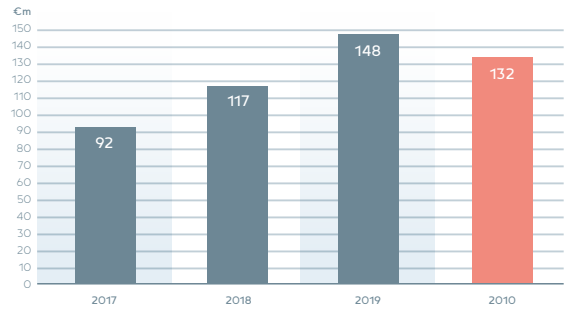
Power grid in kilometres:
approx. 7,000



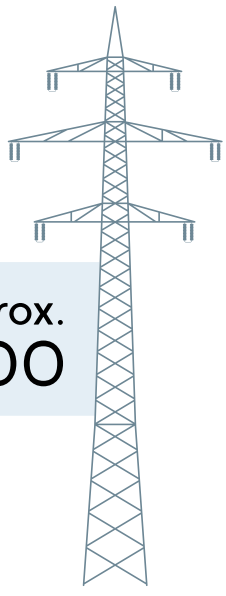
30
research projects

Volume of energy drawn in redispatching: 1,455 GWh
44,863 GWh of electricity transmitted via the APG grid

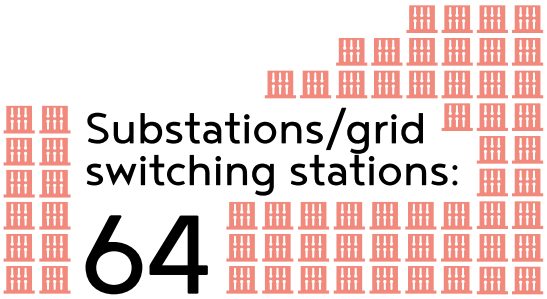
Redispatch costs



€3.1 bn
Investments by 2030:



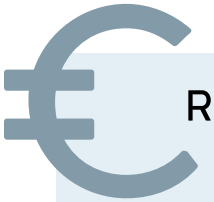
Pylons: approx.
12,000



Substations/grid switching stations:
64

99.99%
reliable electricity supply

Employees: approx.
600



Revenue in 2020:
696m

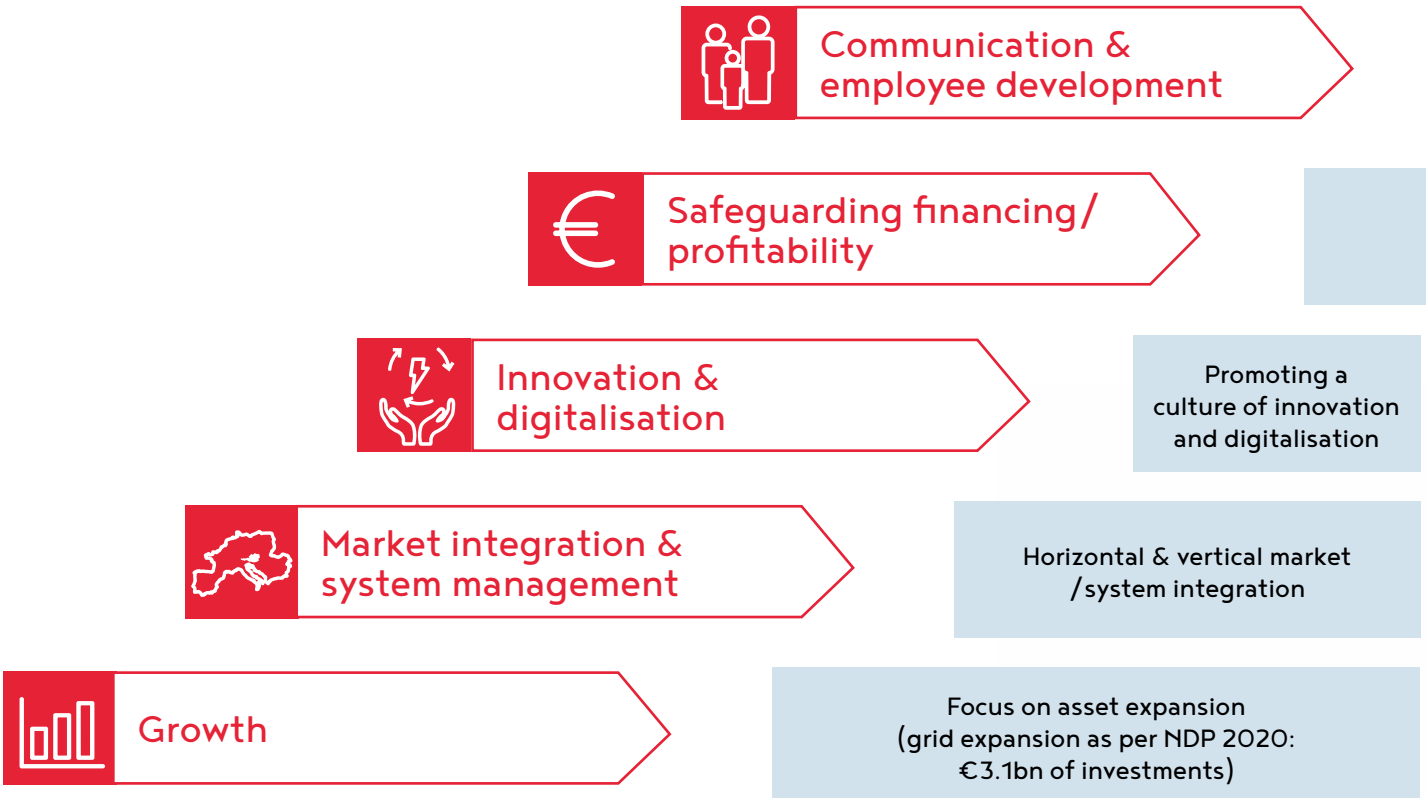
APG STRATEGY: manager of 2030's secure power system

On 5 March 2020, following an in-depth internal process, the Executive Board presented the APG strategy to the Supervisory Board.

Background and vision: performing while transforming

The energy system is undergoing historic change. The future of energy is electric and based entirely on renewables. This "green" energy system can only function optimally, however, if it is planned from end to end. We aspire to play a part in shaping this energy system of the future. We will manage the secure and sustainable energy system of the future. As system manager, we will guarantee a secure and stable supply of electricity. Through our power infrastructure, we will integrate entirely renewable energy for a liveable future, especially for our children and our children's children. Using state-of-the-art technologies, we will design and develop the electricity market for a flexible and smart grid. Delivering on reliability and our responsibility for the system, sustainability, market trends and profitability will be the focus of all corporate decisions. Under our social mandate, we will act in a responsible, sustainable and efficient manner.

APG strategy – our path to the future



Strategy cluster

The APG strategy will be implemented in five key areas: (see figure below)

Area 1: Growth
It is imperative to expand and renovate our power infrastructure in order to achieve the climate and energy targets and integrate renewables on a sustained basis. At the same time, the capacity that this will create is a basic requirement for a secure supply of electricity in the future. Part of this strategy involves integration with other sectors (sector coupling, Power2X). In addition to this asset growth, APG also needs to expand its grid operation services and its positioning within Europe.

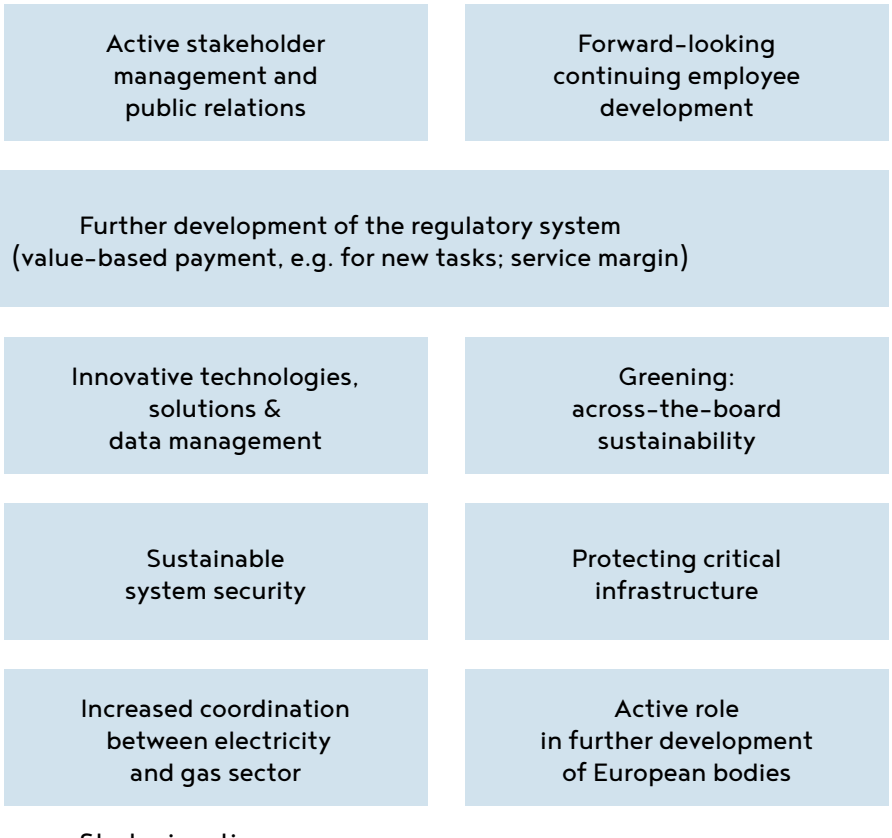
Area 2: Market integration & system management
This requires additional coordination and integration of all levels and players in the energy system or market. Further developing the interface between transmission system operator and distribution system operator and making optimum use of flexibility within the grid are therefore central "strategic initiatives".

Area 3: Innovation & digitalisation
A clear innovation structure and the further development of the culture of innovation will create more space for research and innovation. The increased use of innovative and digital technologies or solutions will facilitate a secure supply of electricity and raise efficiency. Another important aspect here is the focus on gearing the entire Company to sustainability.

Area 4: Safeguarding financing/ profitability
Current developments in the energy system will have to feed through into changes in the regulatory environment. Under the strategic initiative "Future regulatory regime", we therefore aim to derive new approaches to payment for APG services, broadening purely asset-based payment to an adequate regulatory overall return.

Area 5: Communication and organisational & employee development
Our employees are the basis of APG's success. Forward-looking employee development combined with modern organisational development and flexible, needs-based employer branding and staff recruitment are therefore key foundations for the Company's sustained success. Only attractive employers will lure the country's best minds. Active communication and active stakeholder management are and will remain essential to the visibility of APG's role in the power system. This is the key to gaining recognition of our social mandate and increasing acceptance of our investment projects.

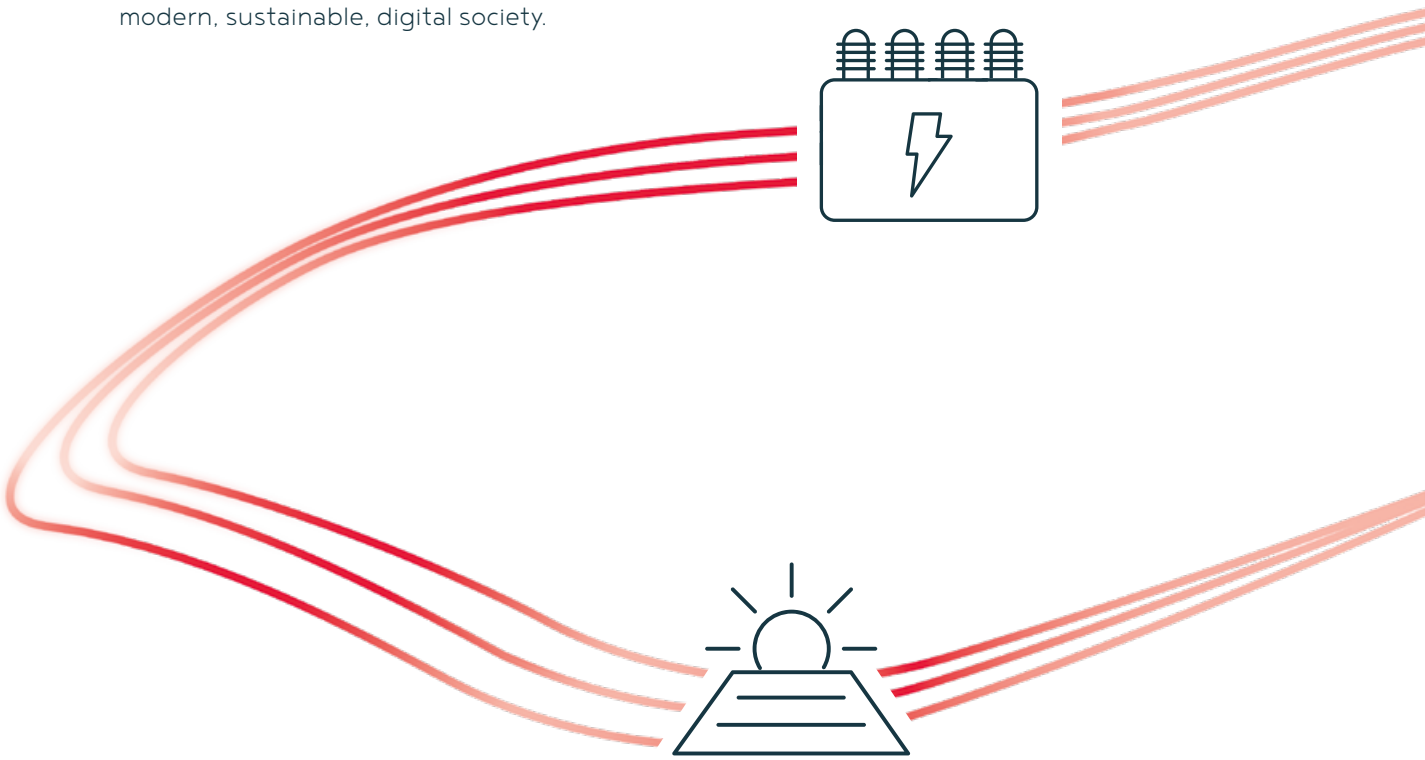
WE WILL MANAGE THE ENERGY SYSTEM OF THE FUTURE



Strategic action areas

Security

With power grid availability at over 99.99%, Austria's security of supply ranks among the best in the world. A secure supply of electricity is the basis of our modern, sustainable, digital society.

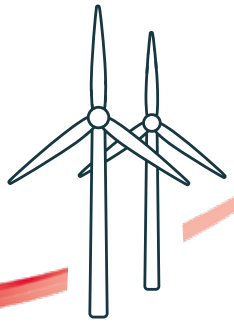


Innovation

Investing in research and development, APG works together with strong partners to find innovative, efficient ways to enable the digital, sustainable power system of the future.

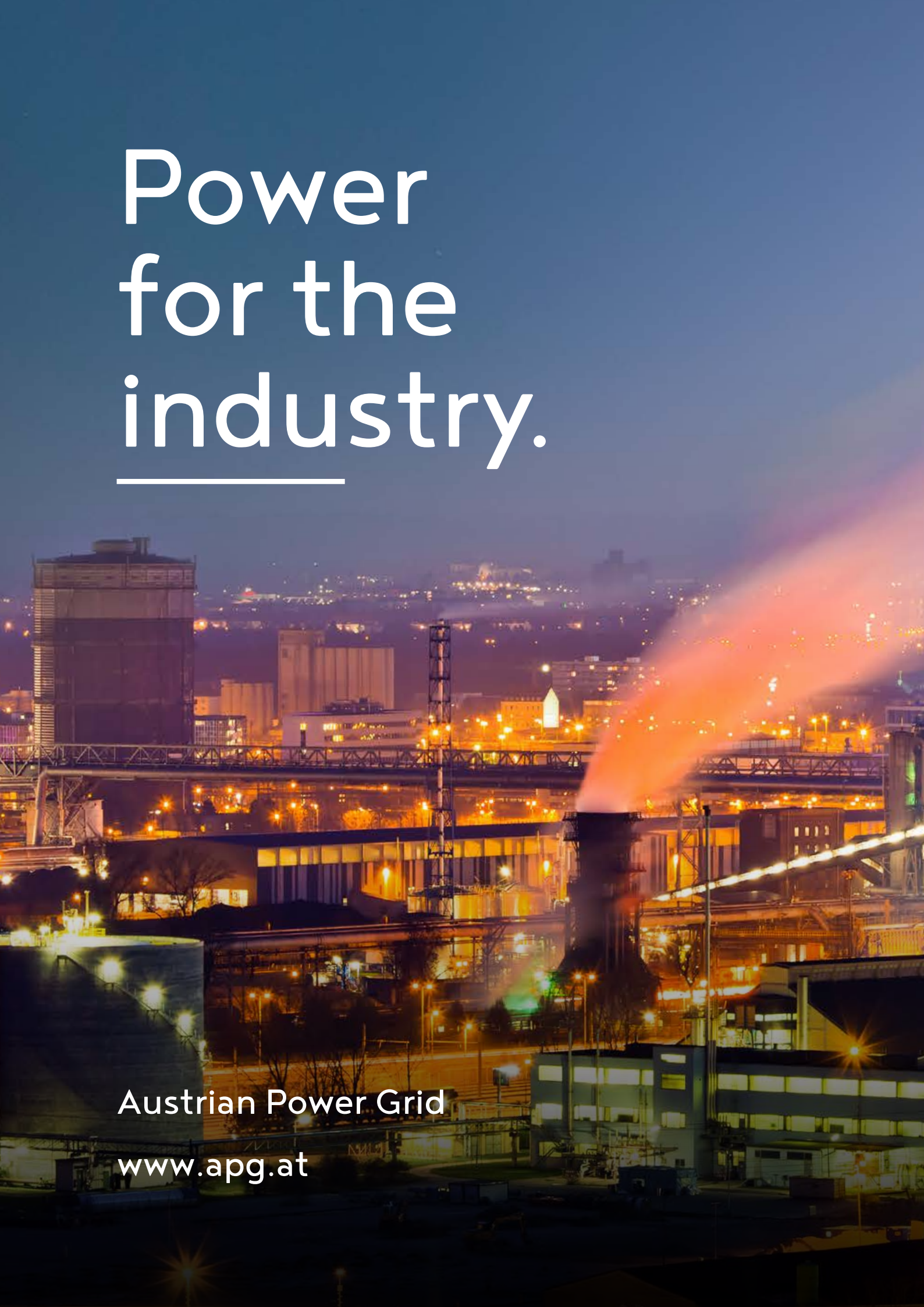
Energy transition

As a key player in the energy market, APG is paving the way for the integration of renewables through its power infrastructure. This is essential to achieving the climate and energy targets.



Austria as a business location

APG invested €360m in expanding and upgrading the grid infrastructure in 2020, thereby delivering a strong boost to the Austrian economy. In total over the next ten years, APG will invest some €3.1bn in grid infrastructure. That is roughly 17% of the €18bn overall that the Association of Austrian Electricity Companies will invest in grid expansion over the next decade.


Power
for the
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Österreich
braucht
Strom.
APG

“Our electricity supply is 99.99% reliable, making us a world leader.”

Electricity security of supply

APG efficiently oversees the lifeblood of our country – the Austrian power grid.

Ensuring a reliable supply of electricity is a daily balancing act that involves keeping electricity consumption and generation in equilibrium at every instant. As the energy system is being transformed into a sustainable end-to-end system with electricity as its primary source of energy, the challenges in operating the grid are growing. The rigorous expansion of wind and photovoltaic systems and the increasing electrification of the economy, industry and mobility are resulting in larger and volatile electricity flows in Austria and Europe. The fact is that the grid expansion required is not currently keeping pace with the grid expansion planned (length of approval processes, among other factors) as these developments play out. More and more often, this is resulting in grid congestion both within Austria and throughout Europe. On 261 days in 2020, capacity reserves (power plants) had to be used to prevent the grid from becoming overburdened, giving rise to costs of around €132m. For the sake of comparison, that is enough to finance around 4,200 electric cars.

New Grid Reserve adopted by Parliament

At the end of 2020, the "New Grid Reserve" ("Netzreserve Neu") - an essential ingredient for a secure supply of electricity during the transformation of the energy system - was unanimously adopted by the Austrian Parliament. This anchored a market-based system by means of which the redispatch capacity required to stabilise the grid will remain available for the period as of 2022. This law is essential for a secure supply of electricity in the coming years.

Salzburg line – the key project under the 2020 Network Development Plan

On 15 October 2020, the Supreme Administrative Court (VwGH) dismissed the content of all appeals, bringing to an end the years of legal questions surrounding this project. This legal clarification fully confirmed APG's position and allowed Austria's most important power infrastructure project to finally get off the ground. The construction work under way since

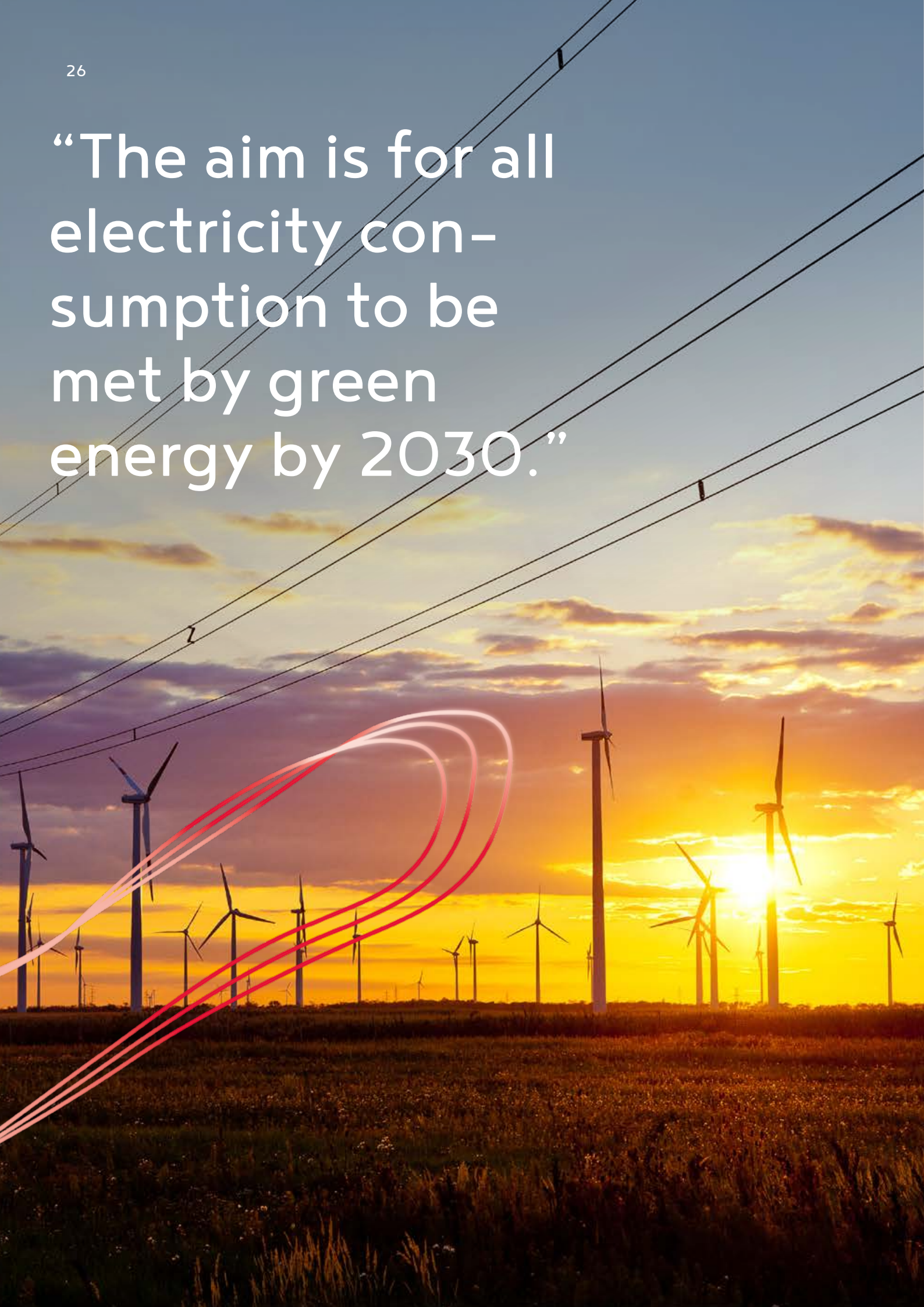
October 2019 is scheduled to be completed by 2024 so as to enable the line to be put into operation in 2025. The Salzburg line is the key project in the current Network Development Plan, which envisages investments of €3.1bn in total. Other important projects include the modernisation of our substations and network nodes, the Weinviertel line, Germany line and Reschen Pass line and the Upper Austria grid zone.

European cooperation

2020 was dominated entirely by the work carried out together with other transmission system operators to implement the national and European grid models (Individual and Common Grid Models) and the joint tools for grid security analysis in operational planning.
Cooperation between the European Regional Security Coordinators on security aspects was also taken to a new level.

Cyber security as part of our responsibility for security

Security is a fundamental indicator of the quality of any company. Only through the harmonious interaction of occupational safety, physical security, plant and equipment safety and management can the transmission security achieved in the grid meet the high standards of quality desired for electrical energy as a product. In recent years, cyber security in particular has also found a place at the top of the business policy agenda. APG, as part of the critical infrastructure and a member of Austrian Energy CERT (Computer Emergency Response Team), is in constant dialogue with the responsible authorities (Federal Ministry of the Interior, Federal Office for the Protection of the Constitution and Counterterrorism). In parallel, a health and safety system in the form of an integrated management system (IMS) for the environment, health, safety and quality has been in operation for all APG sites since 2008 - something which is borne out by our long-standing ISO 27001/27019 certification.



"The aim is for all electricity consumption to be met by green energy by 2030."

Energy transition

APG is working today on the renewable electricity supply of tomorrow. In a responsible and sustainable manner.

In Europe (Green Deal, including a target of a 55% reduction in CO_2 emissions by 2030) and Austria (Government Programme 2020), the Company has decided to take up the fight against climate change and implement the energy transition. Electricity will be the central source of energy in future. The aim is for our country to be powered solely by green electricity by 2030. Electricity is a just-in-time product, meaning that supply and demand must match precisely at every instant. Solar, wind and hydro are dependent upon supply. Only a developed and smart power infrastructure can connect decentralised generation units with consumers. At the same time, digital platform technologies allow consumer flexibility to be utilised for system services. This lays the foundations for a successful energy transition.

Available capacity as the key to a successful energy transition

Decarbonisation, digitalisation, decentralisation and democratisation are the defining features of the future sustainable energy system. In order to master these challenges while continuing to ensure a secure supply of electricity, it is necessary to develop the power system from end to end and maintain or create capacity reserves in various areas of the power system.

This requires the following:

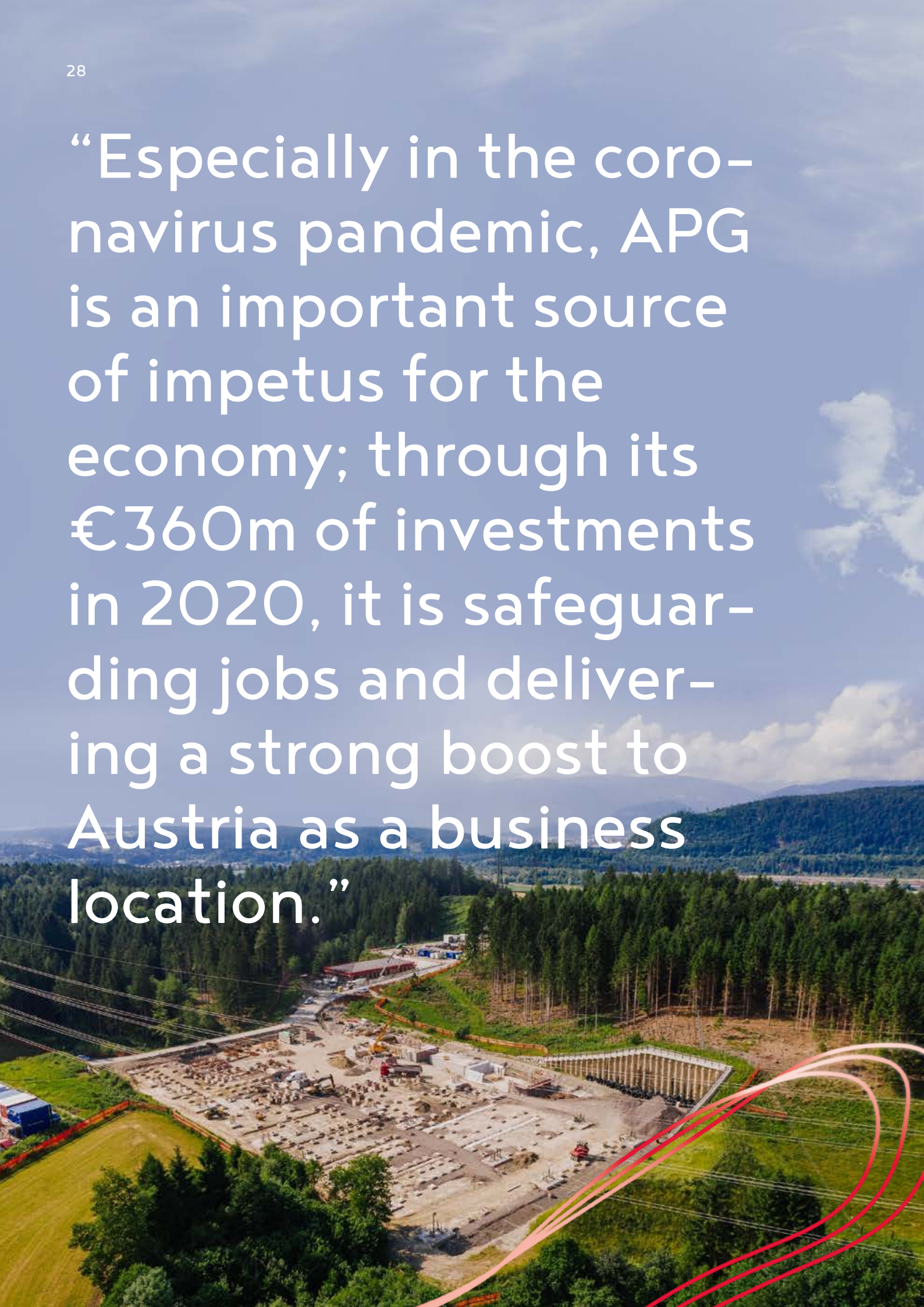
- additional grid capacity (immediate expansion of the grid infrastructure in Austria and Europe)
- additional storage capacity
- sufficient power plant reserves
- additional opportunities for flexibility to offset the volatility of renewables (in particular using digital technologies)

During the transformation of the energy system, it is particularly important to take care not to overburden existing power grid capacity - as overburdening the grid leads to security risks.

Responsibility at all levels

APG is aware of its enormous environmental and economic responsibility. Through initiatives around employee and talent development, occupational safety, route management, species protection, energy management and much more besides, APG proactively goes beyond the stringent statutory requirements.

“Especially in the coronavirus pandemic, APG is an important source of impetus for the economy; through its €360m of investments in 2020, it is safeguarding jobs and delivering a strong boost to Austria as a business location.”



Austria as a business location, Europe and market

Electricity powers our economy, and APG is its reliable partner.

Boost to Austria as a business location

In 2020, APG invested around €360m in expanding and upgrading the power infrastructure so that it remains a reliable backbone for the economy and society going forward. On numerous projects such as the Salzburg line, the Weinviertel line and the substation in Villach, important investments were made to ensure the future availability of a high-performance and reliable power grid. According to an independent study by the Economica Institut für Wirtschaftsforschung, this creates €205.7m in value for the Austrian economy. For every euro generated in the construction industry, a further €3.4m in value is created across the rest of the economy. Directly and indirectly, the investments safeguard 3,167 jobs. Every million invested enables or safeguards a small business employing around nine people. A total of €167m went directly and indirectly to regional authorities in taxes and charges. APG's investments in grid expansion and upgrade over the next ten years amount to €3.1bn overall.

Europe and market

A high-performance, flexible and smart grid is essential for the market and Europe-wide access to low-cost electricity. Key milestones in this journey in 2020 included:

- Intraday market: platform-based allocation of intraday capacity implemented at the border with Switzerland; the new allocation procedure brings significant efficiency improvements for market participants and APG
- Day-ahead market: preparations made for the implementation of market coupling at the borders with Hungary and the Czech Republic (already in place at the borders with Germany, Italy and Slovenia); available cross-border capacity can be utilised by the market more efficiently
- Purchasing of balancing services optimised and related costs cut by around €6m
- Cost savings achieved by marketing volumes arising from deviations in forecasts for green energy on the European intraday market

APG's active role in Europe is also evident in its chairmanship of a number of important bodies: both the ENTSO-E System Operations Committee and the Working Group Critical System Protection are chaired by APG employees. Moreover, APG provides important services in the context of the future pan-European data and information communication network. From its location in the heart of Europe, APG helps the world's interconnected grid system to operate in a secure, efficient and sustainable manner while at the same time supporting the integration of renewables into the transnational network. For Austria. For Europe.

"We are working with state-of-the-art and innovative technologies with an eye towards maximum efficiency."

Innovation

Research and development is becoming ever more important. The use of state-of-the-art technologies is essential to the secure electricity supply of the future, the success of the energy transition, the integration of all players into the energy system and a modern business location.

We have pledged a clear commitment to research and innovation in our 2030 strategy and see this as a key tool in our operational portfolio. But innovation is not a project in the distant future; it is something that has been taking place at APG for years. In 30 research projects in 2020, we placed emphasis on the following:

Flexibility (vertical market integration)

The use of additional, partly small-scale flexibility options will be of major importance in future. However, these customer groups and suppliers can only be captured efficiently using digital platforms (e.g. crowd balancing platforms). These enable small-scale potential to be made visible and offered as system services for the transmission system operator's flexibility management. We are implementing this digital platform in Austria by working together with the distribution system operators on the FlexHub project and are preparing to also bring this on stream at European level together with other transmission system operators.

Drones – APG makes aviation history

We are also blazing a trail in our day-to-day maintenance activities. For route inspections (including maintenance, rectification of faults, broken pylons), for example, we are using remote control drones. Automated recordings allow the entire inspection, maintenance and fault detection process to be optimised. We are thus taking the quality and efficiency of maintenance activities to a new level. In 2020, APG conducted the first civilian, autonomous (beyond visual line of sight) long-distance drone flight over a distance of 100 km in collaboration with Smart Digital and Austro Control.

ABS4TSO

In the innovative ABS for the Power Grid project, a smart assistance system for power grid operations, APG is already working in collaboration with research partners on the solutions of the future. The core element is a 1 MW/55 kWh battery storage system. Just as anti-lock braking systems are used in cars as a kind of active safety system, intelligent algorithms can be developed for battery storage systems for the purpose of identifying within milliseconds any fluctuations in frequency that existing technical mechanisms are unable to offset and stabilising the grid. The results of these projects will help us to navigate a safe path through the transformation of the energy system and meet the requirements of the new age. This will enable APG to reliably control and manage tomorrow's smart, flexible and digital power system.

The 380-kV lines 477/478 (Vienna South, East and South Burgenland) start at APG's control centre in Vienna's 10th district.

EUROPEAN BRAND INSTITUTE

Brands need electricity.

UTILITY INFRASTRUCTURE		
1.	APG	AAA
2.	WIENER NETZE	AA+
3.	austro CONTROL	AA+

CATEGORY LEADERS INVESTMENT	
1.	ÖBB
2.	APG
3.	WIEN ENERGIE

Sustainable brand: APG picks up gold and silver

Side by side with the Austrian people and economy – including when times are tough. APG guarantees a secure supply of electricity and works to future-proof our country.

APG is gaining an ever higher profile – as a reliable and conscientious partner to the Austrian people and economy. It stands for the utmost in security of supply by virtue of its infrastructure and for local investment so that the energy transition in our country can take place successfully and low-cost electricity remains available to all consumers.

Growing awareness

The 2020 Sustainable Brand Rating Austria demonstrates that the people who live in Austria are also increasingly aware of this fact. The independent European Brand Institute rated the brands of public service enterprises and organisations based on their sustainability performance in Austria. For this, it examined a total of 52 criteria such as brand strategy sustainability, brand leadership, communication, use of resources and investments for Austria. The result: gold and silver. APG took first place in the utility infrastructure category and second place behind ÖBB in the overall standing in the investment category. This is both a future mandate and a future responsibility.

Security, stability, support, confidence and sustainability

Particularly against the backdrop of the coronavirus crisis, APG is proud to be recognised for its work. Even and especially in turbulent times, it is apparent that public sector and public service enterprises are essential to the functioning of our society and a source of security. And security is in our DNA! APG brings the population stability first and foremost by safeguarding supply, confidence and support with investments of €3.1bn in our country and awareness of sustainability by contributing to the energy transition. This forms part of its clear mandate to continue to fulfil its responsibility to Austrian society and to the Austrian energy market, every day, every hour and every second.

Media highlights

KÄRNTEN Samstag, 25. Juli 2020

Energiewende erfordert enorme Investitionen in Kärnten

250 Millionen fließen in Netzausbau

Samstag, 25. Juli 2020 KÄRNTEN Seite 23

Übertragungsnetzbetreiber APG baut Umspannwerk für Koralm-Windparks

20 RECHTSPANORAMA MONTAG, 16. NOVEMBER 2020 Die Presse

Gastkommentar. Um die Energiewende voranzutreiben, bedarf es einer klareren rechtlichen Strukturierung der Verfahren, einer Relevanzprüfung des Vorbringens und der Vermeidung von Beweiswiederhol

VON CHRISTIAN ONZ

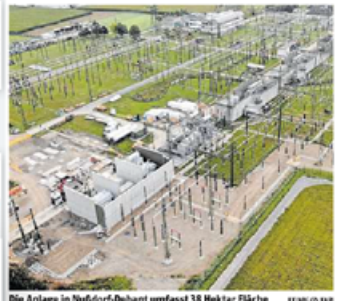
Wien. Das endgültige grüne Licht des Verwaltungsgerichtshofs (VwGH) über die 380-kV-Salzburgleitung zeigt, wie schwierig und langwierig die Genehmigung solcher Vorhaben in der Umweltverträglichkeitsprüfung (UVP) ist. Um die Dekarbonisierung der Energieerzeugung rechtzeitig zu sichern, muss über Stromleitungen deutlich schneller entschieden werden.

Ende September 2012 hatte die Austrian Power Grid AG als Übertragungsnetzbetreiberin die Leitungsverbindung vom Umspannwerk Salzburg bis zum Netzknoten Kaprun bei der Salzburger Landesregierung zur UVP-Genehmigung eingereicht. Mehr als drei Jahre später (Dezember 2015) wurde die UVP-Genehmigung erlassen. Wiederum mehr als drei Jahre danach (Februar 2019) entschied das Bundesverwaltungsgericht. Erst die kürzlich ergangene VwGH-Entscheidung (Ro 2019/04/0021 u.a.; „Die Presse" hat berichtet) sichert den im Herbst 2019 begonnenen Bau endgültig ab (davor ist auch der Verfassungsgerichtshof angerufen worden, der die Beschwerden mangels Erfolgsaussichten abgelehnt hat). Die Inbetriebnahme wird 2025 erfolgen, da aufgrund ökologischer Auflagen zahlreiche Bauzeitbeschränkungen einzuhalten sind.

Auf 295 Seiten arbeitet der VwGH sämtliches Revisionsvorbringen penibel ab. Die Bedeutung der richtungsweisenden Aussagen geht weit über den Anlassfall hinaus. Das Urteil wird Maßstab für künftige UVP-Verfahren, nicht nur Stromleitungen betreffend, sein.

So wird beispielsweise nochmals klargestellt, dass keiner Verfahrenspartei das Recht zukommt eine Erdkabelausführung de Stromleitung durchzusetzen. In Übertragungsnetz, so bestätigt de VwGH, entspricht ein Erdkabe nicht dem Stand der Technik. Seh wichtig sind auch die Aussagen zum Naturschutz, insbesonders zum Artenschutz. Hier schließ sich der VwGH erstmals der deut schen Judikatur an, wonach nu solche Kollisionen von Vögeln mi baulichen Anlagen genehmi gungsschädlich sind, die über da allgemeine Mortalitätsrisiko in de

Inspektor Drohne im Langstreckeneinsatz



Die Anlage in Nußdorf-Debant umfasst 38 Hektar Fläche

NÖ: In neuen Strom fließen 200 Millionen

Die Weinviertelleitung wird neu gebaut.

Spatenstich für Hochspannungsleitung

Das Weinviertel erhält um 200 Mio. Euro eine neue Hochspannungsleitung.

NÖ. Mehr als 70 Jahre existiert sie schon, die alte 220-Kilovolt-Leitung quer durchs Weinviertel. Sie muss auch angesichts ihres stattlichen Alters ersetzt werden. Dafür wird viel Geld in die Hand genommen.

Millionenprojekt. Die neue 380-kV-Leitung kostet stolze 200 Mio. Euro, wird von Seyring 47 Kilometer quer durchs Weinviertel bis nach Neusiedl/Zaya führen – dank einer neuen

ternehmen errichtet die neue Leitung vier Kilometer westlich von der bestehenden. Wohn- oder Naturschutzgebiete sollen nicht belastet werden.

Windkraft. „Wir brauchen ung, um speziell ikraftenergie in gsräume zu brin-

Christiner, der technische Verstand der Austrian Power Grid beim Spatenstich für das Projekt.

Topleistung. Die alte Stromleitung erzeugt eine Leistung von viereinhalb Donaukraftwerken, die neue steigert die Kapazität auf siebeneinhalb. Ziel sei

Windkraft, sagt VP-Landesrätin Christiane Teschl-Hofmeister. „Das passt auch gut zur Klimastrategie des Landes". Bis der neue Strom durchs Land zieht, dauert es aber noch. Die Hochspannungsleitung soll 2022 in Betrieb gehen, dann soll die alte

Ranninger und Schuh bei der Besichtigung des Umspannwerks

Präzises Arbeiten bei Lieferung des 380/220-kV-Transformators

tionaler Bedeutung. Die Kraftwerksgruppe Malta-Reißeck in Oberkärnten speist direkt in Lienz ein. In die österreichische Strominfrastruktur investiert APG heuer insgesamt 350 Millionen Euro. Bis 2030 – bis dahin sollen laut Bundesregierung 100 Prozent des Stromverbrauchs aus erneuerbaren Energiequellen stammen – fließen seitens der APG 2,9 Milliarden Euro in die Infrastruktur. Konzernsprecher Christoph Schuh: „Es muss investiert werden, damit die Energiewende gelingt."

Hochexplosiv: Bei Ziesel-Umzug kamen Splittergranaten ans Licht

Gefährlicher Zufallstreffer beim Umbau des APG-Umspannwerks Wien-Südost: Bei der Umsiedlungsaktion von auf dem Areal ansässigen Zieseln machten Arbeiter einen brisanten Fund. Neben den Höhlen der niedlichen Nager lag scharfe Granatmunition für Fliegerabwehrkanonen. Die Kriegsrelikte konnten von Experten des Entminungsdienstes gesichert und geborgen werden – den Tieren geschah glücklicherweise nichts.

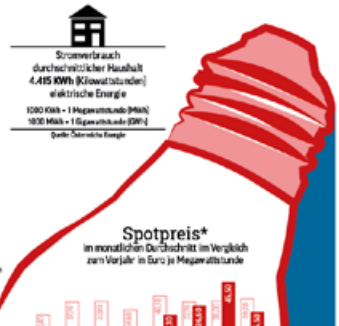
Im Gegensatz: Die Erdbewohner, die auf eine sichere Nachbarwiese übersiedelt werden, betrachteten die Bergungsaktion höchst interessiert. 30 Tiere können bereits ihr neues Zuhause beziehen. Etwa zehn Exemplare müssen noch mit einer artgerechten Lebendfalle geschnappt werden.

Die APG, die für die großen Leitungen des österreichischen Stromnetzes verantwortlich ist, betreut für das Wohl der Tiere einen ziemlich Aufwand. Jedes einzelne Ziesel wird bei der Umquartierung von einem Umweltschutzbeauftragten der ökologischen Bauaufsicht begleitet und persönlich betreut. Das Umspannwerk Wien-Südost zählt zur wichtigsten Energie-Infrastruktur Österreichs. *fho*

APG-Vorstand Gerhard Christiner reibt Ziesel vor Granaten.

WIENER ZEITUNG WIRTSCHAFT Dienstag, 1. Dezember 2020

Stromverbrauch und -erzeugung in Österreich 2020



Quelle/Grafik: APG (Austrian Power Grid); WZ-Bearbeitung

Lockdown und milder November drücken Stromverbrauch

Laut der Verbund-Tochter APG hat sich die Nachfrage in Österreich zuletzt um 7 Prozent abgeschwächt.

Der Lockdown hat den Stromverbrauch in Österreich nach unten gedrückt. Die Schließung des Einzelhandels sei deutlich abzulesen, so der zum Verbund-Konzern gehörende Übertragungsnetzbetreiber APG (Austrian Power Grid). Nach den ersten Wochen Teil- und dem harten Lockdown seit 17. November liegt der Stromverbrauch um 7 Prozent unter dem Vorjahreszeitraum. Ausgewirkt hat sich aber auch das relativ milde Wetter im November.

„Angesichts des Höhepunkts der Corona-Krise im Mai, in dem der Stromverbrauch bis zu 15 Prozent ins Minus rutschte, kann man aber aktuell von einer Stabilisierung auf niedrigerem Niveau verglichen zum Vorjahr sprechen", sagt APG-Vorstand Gerhard Christiner. Ein weiterer Grund, warum aktuell weniger Strom als im Vorjahr verbraucht wurde, sei der wesentlich mildere November. In der kalten Jahreszeit wird generell mehr Strom verbraucht.

Die geringere Stromnachfrage zeigt sich auch im Strom-Großhandelspreis. In der letzten Oktoberwoche lag der wöchentliche Strompreis mit 32 Euro pro Megawattstunde um fast 10 Euro unter dem Wert von 2019, so APG-Vorstand Thomas Karall. Beide Vorstände betonen, dass „die aktuellen Rahmenbedingungen keine Auswirkungen auf die sichere Stromversorgung haben".

Ein Blick auf den europäischen Stromverbrauch zeigt, dass vor allem Frankreich mit aktuell minus 14 Prozent und Spanien mit minus 11 Prozent gegenüber dem Vorjahr deutlich unter der Viruskrise leiden. In den beiden Ländern spiegeln sich die Maßnahmen eines harten umfassenden Lockdowns in der Stromnachfrage wider. *(apa)*

Seite 24 SALZBURG Samstag, 3. Okt

Die Entscheidung beim Verwaltungsgerichtshof soll bereits gefallen

Alle warten auf 380-kV-Urt

Das endgültige Urteil über die 380-kV-Freileitung in Salzburg soll beim Verwaltungsgerichtshof bereits gefallen sein. Die Beteiligten warten somit gespannt auf die Entscheidung, ob das Projekt gestoppt wird oder nicht. In der Zwischenzeit gibt es einen Teilerfolg für die Gegner. Die meisten Besitzstörungsklagen des Betreibers Austrian Power Grid (APG) wurden diese Woche abgewiesen.

Schon bald könnte das finale Urteil zur 380-kV-Freileitung öffentlich werden. „Dem Vernehmen nach ist die Entscheidung schon gefallen und wurde noch nicht veröffentlicht", sagt Franz Fuchsberger. Der Obmann des Vereins Fairkabeln befindet sich, wie berichtet, mit Mitstreitern am Salzburger Mozartplatz im Hungerstreik. Das Ziel: Ein Baustopp bis dieses letzte Urteil gesprochen ist.

Einen weiteren Erfolg können die Erdkabelbefürworter in der Zwischenzeit feiern. Nahezu alle Besitzstörungsklagen, sowohl bei den Protesten am Rengerberg in Bad Vigaun als auch beim Stau-Protest am Dax Loeg, wurden abgewiesen.

„Das reiht sich nahtlos in eine Serie von Rückschlägen für die APG ein. Es zeigt, dass die Taktik der Betreiber nach hinten los geht und nicht wirkt", so Fuchsberger. In dieser Woche die Industriellenve (IV) mit in den 380 gestiegen. Sie b Wichtigkeit der Le will eine rasche U „Jetzt braucht es bau – rasch und verzögerung. Sinn ckieren hilft dem Wirtschaft und su len nicht weiter". Schulte von der IV

Nicht einmal der kommt aus Öste

Fuchsberger nicht so stehen las als Bürgerinitiativ gar nicht verzög machen die Gerich überzeugt, dass Österreichische Fir Bau der Leitung p Nur ein Beispiel: für die Masten k Asien und nicht ve mischen Voest. Z gebaut wird dann chien."

Alle acht Klagen vom Stau-Protest wurden abgewiesen

External communications

Press releases: 31

Stakeholder newsletters: 11

Advertising value of ed. articles: €7,946,878

Pot. reader contacts: 103.9m (2019: 89.3m) +16.5%

Editorial articles: 577 (2019: 450) +28.2%

Twitter


Wirtschaft

Mittwoch, 21. Oktober 2020 | www.nachrichten.at/wirtschaft

Microsoft: Österreich-C... Dorothee Ritz über die US-Technologiekonzern...

Fortschritte im Kampf um die Energiewende

Strom: Höchstgericht gibt grünes L... 380-kV-Leitung – Ministerium sig... Förderung von Pumpspeicherkraft...

„Keine Sorge, unser Strom ist gesichert"

Es wird gehamstert, selbst Mineralwasser. Viele machen sich jetzt auch Gedanken, ob unsere Stromversorgung gesichert ist. Im Gespräch mit „Heute" beruhigt Gerhard Christiner, Vorstand der Austrian Power Grid, die für die Stromnetze im ganzen Land verantwortlich ist: „Niemand braucht sich Sorgen um die Versorgung machen. Wir haben rechtzeitig Vorsorge getroffen, dass alles einwandfrei funktioniert." Tatsächlich wurde ein Krisenstab aktiviert, das meiste Personal arbeitet von zu Hause aus. Christiner: „Die sichere Versorgung hat absoluten Vorrang. Selbst wenn jemand ausfallen würde, gibt es sofort einen Ersatz." Die Betriebsführung erfolgt in zwei räumlich getrennten Centern mit zwei Mannschaften, die keinen persönlichen Kontakt mit der anderen Gruppe haben: „Damit steht immer genug Personal zur Verfügung." Die Fachleute der APG können mit Sondergenehmigungen in gesperrte Gebiete, wenn die Stromversorgung dort instand gesetzt werden muss. Gerhard Christiner ist in Kontakt mit anderen wichtigen Infrastruktur-Erhaltern: „Ob Strom, Wasser oder Gas – derzeit gibt es nirgendwo Probleme."

Vorläufiger Baustopp für die 380-KV-Leitung endet wieder

Freitag, 3. Juli 2020

Inspektor Drohne im Langstreckeneinsatz

Drohnen überwachen künftig das österreichische Stromleitungsnetz. Wettbewerb und Vielfalt in diesem Bereich werden immer härter.

HELMUT KRETZL

KÄRNTEN

Umspannwerk für Netzabstützung Villach vor Betrieb

Sicherheitsnetz gegen Blackout bald fertiggestellt


Austria
needs
electricity.
Austrian
Power
Grid
APG

Financial Report

Three-year comparison

€m	2018	2019	2020
Revenue	820.1	729.9	695.8
Earnings before interest and taxes (EBIT)	73.7	48.8	71.8
Result from ordinary activities	51.5	24.1	47.0
Net income/loss for the financial year	38.7	18.8	35.5
Total assets	1,764.9	1,855.0	2,130.1
Fixed assets	1,475.1	1,628.0	1,913.8
Capital expenditure on tangible fixed assets	174.4	244.5	372.9
Depreciation of fixed assets	85.0	86.3	87.8
Equity	460.2	459.3	485.1
Return on sales (ROS)	9.0%	6.7%	10.3%
Return on equity (ROE)	12.2%	5.5%	10.7%
Return on investment (ROI)	4.7%	2.8%	3.9%
Equity as percentage of assets	26.1%	24.8%	22.8%
Notional debt repayment period	10.0	11.9	11.5
Net cash flow from operating activities	212.3	195.2	191.0
Net gearing	150.1%	157.7%	185.5%
Number of employees	489	520	557
(of which apprentices)	25	23	23
Transport volume (GWh)	**47,149**	**46,731**	**44,863**

Governing bodies of the Company

Supervisory Board

Dr. Peter F. Kollmann
Chairman

Ing. Mag. Peter Koren
1st Vice Chairman

Mag. Dr. Michael Strugl, MBA

Mag. Dr. Erich Entstrasser

Dr. Christof Germann

Mag. Leopold Rohrer

Mag. Dr. Georg W. Westphal

Mag. Andreas Wollein

Employee Representatives

Ing. Wolfgang Liebscher
Chairman of the Central Works Council, 2nd Vice Chairman

Andreas Gross
Central Works Council

Karl-Heinz Stieger
Central Works Council
until 7 May 2020

Johannes Naber
Central Works Council

Rüdiger Schimek
Central Works Council
from 9 September 2020

Working and Audit Committee

Dr. Peter F. Kollmann
Chairman

Ing. Mag. Peter Koren
1st Vice Chairman

Ing. Wolfgang Liebscher
2nd Vice Chairman

Excecutive Board

DI Mag. (FH) Gerhard Christiner

Mag. Thomas Karall

Management Report

About us

Austrian Power Grid (APG) is responsible for safeguarding the supply of electricity so that everyone has power when they need it. As control area manager, APG operates the Austrian transmission grid, which is part of the trans-European transmission grid operated by the ENTSO-E (European Network of Transmission System Operators for Electricity) Regional Group Continental Europe.

In the course of transposing the requirements of the European Union's Third Energy Package into Austrian law through the 2010 Electricity Industry and Organisation Act (Elektrizitätswirtschafts- und -organisationsgesetz, ElWOG 2010), VERBUND chose the Independent Transmission Operator (ITO) format to be the model for APG. APG received ITO certification in a notice issued by E-Control Austria (ECA) dated 12 March 2012.

Measuring a route length of 3,428 km and with 6,965 km of connected lines and 64 substations and switching stations, the APG grid is the backbone of Austria's power supply. APG's power grid ensures the trans-regional exchange of electricity between energy providers and consumers both within Austria and internationally, thereby guaranteeing a stable supply to distribution grids.

APG's infrastructure ensures Austria's supply of electricity. It is essential to the integration of renewables and also functions as a market platform. APG's power grid is the lifeblood of Austria's economy and society.

Highlights of 2020

The annual report presents the main developments that had a substantial impact on APG's activities in 2020.

Hampered by the moderately negative impact of COVID-19, 2020 was a financial year marked by numerous challenges and the successful accomplishment of key milestones:

- **Salzburg line:** Decision handed down by the Supreme Administrative Court (VwGH) dismissing the content of all appeals and thus confirming approval of the environmental impact assessment (EIA)
- **Grid reserve** enshrined in law **as a market-based system** to ensure security of supply
- Innovative measures to create a standardised interface **(FlexHub)** for transparent and non-discriminatory integration of flexibility options and small-scale providers
- Preparations to implement the **Clean Energy Package for All Europeans (CEP),** which requires 70% of transmission capacity to be made available for cross-border trading
- Measures to address **APG's** future **business focus and management** in connection with SAP S/4HANA technology
- Project to **adapt the existing regulatory regime** to the changes in APG's business model

All measures take place with an eye towards ensuring adequate profitability for APG's owners.

An integrated annual report was prepared for financial year 2020 to incorporate the topic of sustainability, with the focus on sustainable habitat management. The topic's inclusion in the integrated report enables it to reach a wider audience and underscores the importance that APG attaches to it. The annual report also provides several examples illustrating APG's rigorous work on research and innovation.

Finally, the annual report presents APG's financial performance indicators and its risk and opportunity management, along with the outlook for 2021. For further details, please refer to the notes to the financial statements.

The electronic version of the Annual Report 2020 can be downloaded at http://www.apg.at/en/about-us.

Management Report

Developments in grid operation

High demand for congestion management

APG is Austria's independent power grid operator, controlling and taking responsibility for the trans-regional electricity transmission network. The dynamic pace of change in Europe's energy industry and the policy goal of achieving decarbonisation - especially in combination with the progressive expansion of wind and photovoltaic power - are resulting in increasing and volatile electricity flows. Since the necessary expansion of the grid infrastructure often fails to keep pace with these developments due to long administrative processes, grid congestion is becoming a more frequent occurrence both within Austria and within the European power grid.

In 2020, APG transmitted 44,863 GWh via the 220/380-kV grid. A multitude of measures had to be taken in order to manage congestion in coordinated grid operations, including extensive congestion management measures at power plants (redispatching). The volume of energy drawn from power plants in the APG control area in 2020 as part of this management activity totalled 1,455 GWh and was predominantly sourced from gas power plants in the east.

The congestion in the APG grid was caused by strong, largely wide-ranging north-south and west-east flows of electricity. These often stemmed from the need to shut down lines for maintenance or grid expansion work. Following a spring of intense redispatching, the second half of the year saw a reduced need for such intervention in Austria compared with previous years, due to an improvement in hydropower generation in Austria driven by the water supply and reduced electricity consumption throughout Europe against the backdrop of COVID-19. In 2020, frequent use was also made of power plants in the APG control area to manage grid congestion outside Austria, mainly in Germany.

The total expense for the congestion management measures implemented by APG in the APG control area in 2020, including costs to secure redispatch capacity, amounted to around €202.5m, approximately €132.4m of which had to be borne by APG. The remainder was passed on to other grid operators.

Securing sufficient redispatch capacity through congestion prevention

Under Section 23(2)(5) of EIWOG 2010, APG is required to identify any congestion in the transmission grid and take appropriate measures to prevent, eliminate and overcome it. This requires sufficient redispatch capacity, which can be drawn upon where necessary as a congestion management measure at power plants.

In the past year, this capacity was secured through the congestion prevention agreements entered into in 2018. The capacity contracted for the period from 1 October 2018 to 30 September 2021 amounts to between 3,100 and 3,600 MW (depending on the ambient temperature). In 2020, this reserve capacity was used on a regular basis to prevent grid congestion and at times had to be drawn upon in full. It was primarily this proactive approach to securing capacity from flexible power plants that enabled APG to ensure grid security and thus security of supply.

A look forward to the new regime: grid reserve under Sections 23a ff of EIWOG 2010

The grid reserve's enshrinement in law as a market-based system to efficiently manage the dynamic changes in the energy sector is essential to achieving the targets under the Renewable Energy Development Act (Erneuerbaren-Ausbau-Gesetz, EAG). In terms of ensuring the necessary redispatch capacity on a long-term basis, the focus in 2020 was therefore entirely on a new legal framework.

Management Report

Amendment of EIWOG at the end of the year

Following the amendment of EIWOG 2010 at the end of the year, it is now certain that, for the period as of 1 October 2021, this capacity will have to be contracted as a grid reserve through a new procurement process. The new provisions, which were published in the Federal Law Gazette on 7 January 2021 (BGBl. I No. 17/2021), ensure the continued operation of power plants that are relevant to congestion management and essential to guaranteeing security of supply.

Market-based system

In place of cost-based payment, the new provisions governing the grid reserve provide for a tender procedure based on offered prices. The new legal framework contains significant incentives with a view to expanding the pool of bidders, for example by taking into account the potential for demand-side response.

Mandatory closure notifications/prohibition on closure

In addition, with larger power plants required to provide notification of closures in future, the certainty in planning grid operations has been increased significantly. Finally, the regulatory authority will be able to decide to impose a prohibition on the closure of systemically important power plants if grid reserve requirements cannot be met through the competitive procedure; as a last resort, this safeguard is an enormously important tool for discharging APG's duties in ensuring security of
supply in Austria.

System analysis by the transmission system operator

The system analysis mandated to be carried out by the transmission system operator in order to determine the requirement for reserve capacity will increase transparency. This required capacity will then be procured through a competitive and transparent procedure. The statutory provisions specify who is eligible to participate, with the procedure open to Austrian and European generation plants as well as aggregators and consumers.

For the first system analysis, which is required to be completed by the end of February 2021, numerous analyses were conducted in 2020 as part of a commissioned study. APG is therefore best prepared for the new procedure.

Management Report

Impact of COVID-19 on APG

Activation of APG's crisis management system

On 10 March 2020, after the government presented drastic measures to combat COVID-19, APG's crisis management system was activated. All crisis management measures focused on maintaining APG's ongoing ability to operate.

APG employees mostly working from home or under special precautionary protocols

On 15 March 2020, around 500 employees started to work remotely.

As soon as lockdown began, APG enabled its employees to work from home and also provided the necessary resources and delivered them to doorsteps.

In order to protect staff and ensure security of supply, all employees have since been working under special hygiene and precautionary protocols, with teams in control centres and other sensitive areas split up at various sites.

In the summer, it was possible to increase the use of office space at APG headquarters back up to 50% and ease certain precautionary measures. In the autumn, however, rising infection numbers in Austria and Europe meant that precautionary measures had to be gradually increased and home working expanded again, including at APG.

A labour-management agreement was put in place, specifying which measures must be applied based on the assessment of the risk according to the federal government's COVID-19 traffic light system. This enabled APG to respond immediately to regional differences in virus developments on a site-by-site basis. By way of a guideline, the labour-management agreement on employee safety and accompanying organisational measures around COVID-19 provided and continues to provide clarity and legal certainty over all the relevant measures.

In addition, regular virtual presentations on handling the current situation were and continue to be initiated by the health management team. As APG was working at full capacity, there was no need for short-time working. However, annual leave was greatly reduced with a view to making a contribution to society as a whole.

Chains of infection have so far been avoided within APG thanks to the measures put in place and continual internal contact tracing combined with immediate testing in suspected and precautionary cases.

Moreover, a working group was launched to address "COVID-19 lessons learned" so that adjustments can be prepared for working from home/teleworking, physical layout of space, tools and culture in the post-coronavirus world.

Impact of COVID-19 on APG's construction activities

All construction projects were temporarily suspended when the crisis management system was activated; on 6 April 2020, construction activity was resumed subject to the precautionary measures set out in the practical guidelines specified by the employer and employee representatives.

As many of APG's construction projects are mainly on open-air building sites, it was possible to effectively manage the effects of COVID-19 following an initial temporary suspension of construction work from mid-March until around the beginning of April 2020. The practical guidelines specified by the employer and employee representatives served as an important source of guidance on the building sites. In addition, APG's occupational health and safety plans were amended in line with the new situation. Contractors drew up appropriate action and hygiene plans in consultation with the occupational physicians responsible. These measures, such as a system of splitting up teams, staggered use of building site facilities, stricter hygiene measures and changes to team transportation arrangements and construction materials logistics, also helped to adequately maintain building site operations more or less on schedule despite COVID-19.

While capital expenditure was very high, COVID-19 did not therefore result in any underutilisation in 2020. Unless there is a sustained improvement in the situation, however, the possibility of negative

effects on projects going forward cannot be ruled out entirely. Official procedures and approvals requiring a larger number of participants, such as easement procedures, procedures under forestry and nature conservation law, negotiations with landowners and cooperatives for road maintenance and management, were subject to certain delays that may impact on project schedules from spring 2021 onwards.

Impact of COVID-19 on the situation in the APG grid

In the first lockdown, Austria saw a sharp drop in load, which was down by around 14% at the beginning of April. The lower load resulted in higher voltages at times, although these remained manageable with grid control techniques. Nothing unusual was observed on the market side with the exception of the temporary sharp fall in market prices. The drop in consumption was also a significant factor in the year-on-year reduction in congestion management costs in 2020. Likewise, volume-dependent grid usage revenues (both national and international) declined.

Economic impact of COVID-19 on APG

COVID-19's relatively minor negative impact on APG's finances can be summarised as follows:

- Impact on volume-dependent national and international grid revenues, which showed a decline year-on-year due to the drop in load in Austria and Europe
- Minor impact on personnel expenses and other operating expenses
- Capital expenditure fully utilised again and low additional costs incurred as a result of the temporary suspension of construction work

As earnings volatility under the Austrian Commercial Code (Unternehmensgesetzbuch, UGB) is smoothed by recognising regulatory accounts, APG's net income under the UGB shows almost no visible effect of COVID-19; however, a negative effect on profit or loss was reported in VERBUND's consolidated financial statements (IFRSs) as a result of COVID-19.

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Market trends

Energy market developments

Futures market prices lacked a consistent direction in 2020[1], instead moving sideways while plunging and rising for short periods. The most notable drop in prices occurred at the beginning of the coronavirus crisis in March of this year. On the European Energy Exchange (EEX) in Leipzig, front-year contracts for Cal-21 baseload power in the Austrian market area fell to €36.50/MWh (day of trading: 23 March 2020) compared with a settlement price of €46.68/MWh at the beginning of the year (day of trading: 2 January 2020). Within a few weeks, an upward price correction got under way, and in mid-April contracts were again being traded at prices above €40/MWh. In the fourth quarter, there was another sharp rise to €50.15/MWh (closing price on 29 December 2020) due primarily to a rise in the price of CO_2 emission rights and gas.

As in recent years, electricity prices were driven mainly by gas prices and the CO_2 emission rights market. Carbon futures prices (mid-December 2020) climbed to €30.81/tCO_2 by the end of the year (closing price on 14 December 2020). On the gas market, the Central European Gas Hub (CEGH) day-ahead gas price dropped to an all-time low of €4.81/MWh around the middle of the year (day of trading: 22 May 2020). Prices then recovered to €17.51/MWh (day of trading: 30 December 2020).

APG's market activities

Grid control: optimising the procurement of balancing services

Costs for balancing services were further reduced to €43.2m in 2020 (2019: €49.5m). The total costs for 2020 break down as follows: €3.6m for frequency containment reserve (FCR), €26.7m for automatic frequency restoration reserve (aFRR), €13.2m for manual frequency restoration reserve (mFRR) and €-0.4m for unintended exchange.

There are currently eight suppliers for the FCR market, 14 for the aFRR market and 16 for the mFRR market, with an additional supplier presently in pre-qualification for aFRR.

In Austria, intraday tenders for balancing energy were successfully implemented for aFRR and mFRR in December. Balancing service providers can now submit intraday energy bids without a contract being awarded in the tender process (free bids). APG has therefore implemented a key requirement of the EU Internal Electricity Market Regulation.

In 2020, APG again worked hard to improve international balancing service collaborations with the aim of further stabilising balancing service costs. In February 2020, joint procurement of aFRR was successfully brought on stream with Germany after joint, optimised activation of aFRR had already been in place since 2016. Depending on which country has lower bid prices for aFRR, up to 80 MW can thus be purchased across the border and later used for activation within the collaboration. A collaborative arrangement for coordinated activation of mFRR was also implemented with Germany in 2020. These pioneering projects helped to reduce balancing service costs by around 20% compared with the previous year and keep them stable at a low level. Germany and Austria thus continue to lead the way in Europe and set new standards in terms of product requirements, process design, harmonisation and market integration.

In the summer, within the international FCR collaboration that joins APG with ten transmission system operators (TSOs), the market design was successfully converted to four-hour products and daily tenders, in each case on the day before the delivery date. This improves competitive conditions between suppliers and technologies and, in particular, increases the appeal of flexibility options available in the near term.

[1] Source: http://www.eex.com/de/marktdaten

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Auctioning of cross-border capacity

APG auctions off cross-border capacity in the form of annual and monthly products as well as for individual borders for both the day-ahead and the intraday market exclusively through the Joint Allocation Office (JAO). For many borders, capacity is allocated implicitly through the electricity exchanges (market coupling). APG's auction proceeds from the management of cross-border lines totalled €100.2m in 2020 (2019: €110.3m).

Responsibility for central procurement of energy to cover system losses

As the central purchaser, APG procures around 97% of the energy needed to cover system losses for the majority of Austrian grid operators; this equates to approximately 3 TWh per year. In doing so, APG ensures the market-based procurement activities necessary to cover system losses. Remaining shortfalls are offset through daily spot trading on the electricity exchanges. The participating grid operators are supplied daily with the energy volumes needed to cover their system losses.

Wind marketing

On behalf of Abwicklungsstelle für Ökostrom AG (Green Electricity Settlement Austria, OeMAG), APG markets volumes arising from deviations in forecasts for green energy on the European intraday market. This reduces imbalances for the eco-balancing group and for the entire control area. Due to the generally better prices on the exchange and because balancing energy is avoided, this reduces costs for the OeMAG balancing group and improves control quality for APG. The cost savings amounted to approximately €17.5m by the end of November 2020, testifying to the added value of efficient, market-based, transparent solutions.

New model for balancing energy management

The balancing energy price model implemented in 2019 was further developed in 2020. Whilst 2019 saw the implementation of urgent provisions under European law (direct link between prices for activated control power and balancing energy prices) and a new framework governing cost allocation, the enhancements in 2020 provided a stronger incentive for market participants to support the system. The new balancing energy price model was published for consultation in the autumn. It is expected to enter into effect in mid-2021 following due consideration of the feedback from the consultation and approval by the regulatory authority.

Inter-TSO compensation (ITC)

ITC is a multilateral, contractually governed compensation mechanism for the grid usage costs associated with the cross-border supply of electrical energy. The compensation payments are required to be borne by all TSOs according to the costs-by-cause principle. APG continues to be a transit country due to its location in central Europe. It therefore generated ITC revenues of around €12.7m in 2020.

Innovation FlexHub: vertical market integration

Leveraging flexibility in the Austrian power grid is one of the success factors critical to the energy transition. One of the ways in which this is to be achieved is through vertical integration of the electricity markets. APG is therefore taking innovative measures to implement a standardised interface (FlexHub) for transparent and non-discriminatory integration of flexibility options and small-scale providers for the provision of aFRR. Working in partnership with stakeholders, it thus intends to establish standards that specify, for example, how industry, businesses, households and small-scale producers can participate in the electricity market. A key ingredient here is intensive coordination between transmission and distribution system operators. New digital technologies form the basis for this vertical market integration.

In 2020, APG set up the first prototype FlexHub and tested it successfully in the course of a demo day. New technologies such as blockchain and other decentralised IT approaches were investi-

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gated to determine to what extent they are suitable for such applications. An improved version of the prototype - the minimal viable product (MVP) - is expected to be put into operation as early as 2021. For this, initial activation of aFRR from decentralised plants will be carried out together with distribution system operators, market participants and selected partners in industry. This would be an absolutely pioneering achievement in Europe and underscore APG's position as one of Europe's most innovative TSOs.

In 2021, APG also plans to take an equity stake under company law in international initiative Equigy. Equigy is an alliance formed by several European TSOs with a view to developing and implementing a standardised European FlexHub.

Further developments in the intraday market

In September 2020, following intensive preparations, platform-based allocation of intraday capacity was implemented at the border with Switzerland. This replaced the long-standing system of allocation by telephone. As Switzerland is excluded from European continuous intraday trading (SIDC), there are bilateral processes in place between APG and Swissgrid at this border. The new allocation procedure brings substantial efficiency improvements both for market participants and for APG.

Further developments in the day-ahead market

In 2020, APG continued to work on implementing market coupling at the borders with Hungary and the Czech Republic. At present, capacity at these two borders is allocated via explicit day-ahead auctions. In future, the cross-border capacity available daily will be allocated implicitly over the exchanges, as is already the case at the borders with Germany, Italy and Slovenia. This will allow available cross-border capacity to be utilised by the market more efficiently. The implementation of the project will see APG coupled at all border points in accordance with the European target model for the day-ahead market. This is expected to have positive effects on Austria's liquidity. The new processes are scheduled to come into operation in spring 2021.

Increasing and improving transparency

APG is fully compliant with transparency requirements and ensures it meets all its publication and reporting obligations.

Publication requirement: Electricity Market Fundamental Information Platform (EMFIP)

The conversion of the market design within the international FCR collaboration to four-hour products and daily tenders in the summer and the introduction of the balancing energy market in December of this year resulted in new publication requirements for APG, which were implemented accordingly. Preparatory work was also carried out for the additional publication requirements that will arise as a result of the future European platforms for the optimised exchange of control power. In addition, the mandatory implementation of joint settlement rules for each unintended exchange necessitates the implementation of a joint data platform (as part of the existing European transparency platform), on which work began in 2020.

Publication requirement: Regulation on Wholesale Energy Market Integrity and Transparency (REMIT)

In addition to prohibiting insider trading and market manipulation, Regulation (EU) 1227/2011 requires all market participants to publish inside information. Commission Implementing Regulation (EU) 1348/2014 defines which data must be transmitted by market participants to the Agency for the Cooperation of Energy Regulators (ACER) for the purpose of monitoring the European market. The main item on the agenda in 2020 was the debate over the introduction of REMIT fees. Following a European Commission consultation, these fees must be paid to ACER by all entities reporting data, and therefore by APG too, as of 2021 - contrary to the position adopted by APG and other TSOs.

Publication requirement: Persons Professionally Arranging Transactions (PPATs)

REMIT also requires PPATs to monitor the market in light of the prohibition on insider trading and market manipulation and to notify the regulator if there are grounds to suspect a breach. In its role as a PPAT with regard to the organisation of the balancing energy market in Austria, APG once again fulfilled its monitoring and reporting obligations and sent a notification to the regulator in 2020.

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Economic trends

Earnings performance in 2020

Operating profit - APG's key earnings measure - came to €70.2m, a sharp increase on the prior-year-figure of €43.8m, which had been depressed by one-off effects attributable to interest rate adjustments.

This result was positively impacted above all by the high level of investing activities and a resulting increase in the regulatory asset base (RAB). 2020 was also weighed down by one-off effects attributable to social capital and interest rate adjustments. In addition, the high investment volume resulted in an increase in headcount and cost-reimbursement projects combined with a rise in operating costs, although these were strictly managed.

Investing activities/RAB

An adequate regulatory capital return was posted as a result of capital expenditure (net investment) in the amount of €360.3m, which represents the basis for the standard capital cost reimbursements. The highest level of annual investment in APG's history led to an increase in the RAB from €1,458.4m to €1,691.5m, full utilisation of capacity across the Company and an increase in own work capitalised.

Social capital (employee benefits relating to pensions and termination benefits)

The line items "Expenses for termination benefits" and "Cost of old age pensions" in the income statement show an expense in the amount of €4.5m. This figure is primarily attributable to actuarial losses in the amount of €1.7m. These losses are due, in turn, to the change in interest rates for termination benefits from 0.75% to 0.50% and for supplementary health insurance from 1.00% to 0.75%. Changes in headcount accounted for a further €-1.6m. By contrast, the positive performance of 4.82% from pension plan assets (€+1.5m) had a favourable impact.

Liability for investment reserves (presented under the balance sheet item "Other liabilities")

The investment reserves represent regulatory liabilities from the past. The provision recognised (including the interest component) serves to compensate for the annual repayment obligation. As the interest rate for long-term obligations of 1.00% in 2019 decreased to 0.50% in 2020, the remeasurement of the liability for investment reserves resulted in a negative effect on net income in the amount of €3.9m.

EPEX investment income

Since 2015, APG has been a shareholder in the holding company for Gestionnaires de Réseau de Transport d'Électricité (HGRT), which consolidates all of the shares (49%) held by the TSOs (Elia, RTE, Swissgrid, Amprion, TenneT, APG) in the EPEX SPOT electricity exchange. APG's equity investment was an important milestone in Austria's further integration into the Central and Western Europe electricity trading area. In 2020, investment income was additionally generated in the amount of €500.0k.

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Selected business projects in 2020

Below you can find a summary of a selection of business projects which have significant implications for the Company's figures or business processes.

Switch to business partners

Between March and September 2020, APG switched from accounts receivable and accounts payable to business partners as a necessary step in preparation for its planned migration to SAP S/4HANA.

In the course of the parallel process of cleansing the master data, the number of active data records was reduced by more than 35%.

Despite the difficult environment as a result of COVID-19, the project remained on schedule and on budget.

"Systems, Processes, Integrated and Digitalised" (SPIDi) project

In 2020, APG devoted considerable time and attention to activities around SAP S/4HANA and digitalisation. To ensure that this project is implemented efficiently and effectively, it is following the SAP Activate four-phase approach. The following activities were carried out in this context:

- SAP Activate prepare phase: finalising cross-functional evaluation and analysis of pain points and potential to increase the productivity and efficiency of business processes using end-to-end thinking.
- Working out possible strategic options in connection with the operating strategy (on-premises versus cloud) and product strategy (best of breed versus good enough).
- Implementing a test system and conducting a tender for the purposes of selecting a service provider for the SAP Activate explore phase and project management.
- Devising a conceptual business model that encompasses APG's business focus and management. The results will subsequently underpin the implementation of SAP S/4HANA.

As the scope of the project embraces all major business processes, it is taking place in close consultation with the VERBUND Group, first and foremost to ensure that the financial reporting, consolidation and planning processes are uniform and ITO-compliant. The project will continue to support the business side as well as the whole of APG in 2021 and the years ahead.

Legal developments

Salzburg line: VwGH confirms APG project

The final decision on the construction of the Salzburg line has been in place since March 2019. Construction work was therefore promptly initiated in October 2019 with an eye towards the energy transition and providing a secure supply of electricity for Austria. The Supreme Administrative Court (VwGH) has now reached a final decision on the appeals brought by various opponents of the project. In the judgement handed down on 15 October 2020, the Court dismissed the content of all appeals and thus confirmed approval of the environmental impact assessment (EIA). The decision centred on various legal questions, for example regarding the local jurisdiction of the Salzburg state government as the EIA authority, the classification of "route clearance" as deforestation under forestry law and the interpretation of the Strategic Environmental Assessment (SEA) Directive in connection with the Network Development Plan. Following the Court's decision, all legal channels through which objections to the line could be submitted have now been exhausted.

Renewable Energy Development Act (EAG)

The draft Renewable Energy Development Act (Erneuerbaren-Ausbau-Gesetz, EAG) was published for consultation on 16 September 2020. The consultation period ended on 28 October 2020. APG submitted a comment letter, which is publicly available at https://www.parlament.gv.at/PAKT/VHG/XXVII/ME/ME_00058/index.shtml#tab-Stellungnahmen (German only).

The EAG is intended to establish the legal framework for achieving European climate and energy targets, and in particular the Austrian federal government's target of a 100% renewable electricity supply by 2030, and mainly includes the changes

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to the national subsidy system for renewable energy. These provisions are aimed at maximising market integration of renewables and preventing any unnecessary distortion of competition.

Decision by the ACER Board of Appeal regarding System Operation Regions (SORs)

SORs combine transmission system operators, bidding zones, bidding zone borders, capacity calculation regions and outage coordination regions. Regional coordination centres are required to be established in each of the SORs defined.

After the European Network of Transmission System Operators for Electricity (ENTSO-E) contested ACER Decision No 10/2020 of 6 April 2020 on the definition of SORs, the ACER Board of Appeal dismissed this ACER decision on 2 October 2020 and thus upheld ENTSO-E's objection. The case was therefore remitted to ACER for it to decide anew. ACER is bound by the Board of Appeal's legal opinion. The Board of Appeal bases its dismissal of the decision on ACER's failure to adequately state the reasons for its amendments to the ENTSO-E proposal on the South West Europe System Operation Region (SWE SOR) and the Greece-Italy System Operation Region (GRIT SOR) in accordance with Article 36(1) of Regulation (EU) 2019/943.

Establishment of Energiewirtschaftlicher Datenaustausch GmbH (EDA)

In summer 2020, APG established EDA together with 14 other Austrian grid operators. The shareholder agreement and the master and cooperation agreement, which covers detailed rules on the mutual collaboration among the 15 grid operators in the newly established company, were signed on 20 July 2020. EDA was entered in the commercial register on 10 October 2020. The establishment of a dedicated entity to handle the exchange of energy industry data between grid operators and other market players shows the considerable and growing importance of data exchange in the energy industry. On behalf of the shareholders, EDA will offer extensive services around the digital exchange of energy data that fulfil future market- and regulatory-related tasks. EDA is to play a pioneering role in energy industry data exchange in the European energy market and be seen as a shining example of how to handle highly sensitive information. APG holds 6.66% of EDA's ordinary share capital and is represented on its advisory board and personnel committee as well as at the general meeting.

Recognition of provisions for pending proceedings in the annual financial statements

Supplementary billing of APG by TenneT for congestion management and redispatch

In 2016, there was a legal amendment in Germany regarding power plant remuneration (Section 13a(2) of the German Energy Industry Act (Energiewirtschaftsgesetz, EnWG) in conjunction with Section 5), based on which opportunity costs can be billed retrospectively back to 2013. TenneT was therefore required by the Federal Network Agency for Electricity, Gas, Telecommunications, Post and Railway (Bundesnetzagentur, BNetzA) to enter into an agreement with APG on a waiver of the statute of limitations for any resulting claims back to 2013. An agreement is currently expected in the first half of 2021.

Actions seeking compensation for economic disadvantages resulting from a reduction in wind power feed-in

As claimants invoking Section 23(9) of ElWOG 2010, several wind farm operators are seeking appropriate compensation from APG for the economic disadvantages resulting from a reduction in wind power feed-in.

APG believes that there is no contractual claim, nor can such a claim be derived from the law, as the instruction from APG as control area manager was not issued directly to the producer, but to the distribution system operator, which in turn ordered the wind farm operators feeding into the grid to reduce feed-in. The outcome of the proceedings is currently uncertain.

Further court proceedings

Aside from the above, there were no significant court proceedings in 2020.

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Regulatory developments

The regulatory method used by APG is a combination of the cost-plus and revenue cap models. Reasonable expenses are established on the basis of the last set of annual financial statements published and the investment planning as part of the annual cost-finding process. Furthermore, differences between budgeted and actual revenues are rolled up based on statutory provisions. The RAB represents the basis for the standard capital cost reimbursements and records a risk-adjusted regulatory capital return.

2020 tariff review

In this year's process, the weighted average cost of capital (WACC) was again set with reference to establishing a multi-year rate of 4.88% before tax and confirmed until the end of the 2022 tariff period. In addition, a mark-up of 0.32% was again offered as an incentive for new investments.

Despite high capital expenditure, the tariff basis for APG's gross and net tariffs fell slightly year-on-year, by 0.8% to €303.6m. This is due mainly to the use of the regulatory account to mitigate increases in costs and to the roll-up of congestion management/prevention costs from 2019, which had the effect of reducing expense.

The overall tariff basis, including level 3 costs, system losses and system services, declined by 1.8% compared with the previous year to around €355m.

The basis for the grid loss charge for all three levels fell by 15.4% year-on-year to around €29.3m due to a sharp drop in price levels.

"New Regulatory System" project

One of the main functions of any regulatory framework is to guide activity towards an optimum overall economic outcome. For power grid operators, this mainly meant expanding and providing infrastructure. It is therefore not surprising that the emphasis of the current regulatory model for APG is purely on incentivising capital expenditure through the WACC.

The energy industry is undergoing fundamental change, however, and APG sees itself as a central enabler of the energy transition. In addition to the expansion and renovation required in the power grid, economic reasons increasingly necessitate operational measures; that is, new, innovative and smart solutions such as vertical market integration using FlexHub or sector coupling. The problem with the current regulatory system is that operating expenses are matched merely by compensation for the associated costs and therefore too few incentives are provided to push OpEx options for the overall economic good.

With this in mind, APG has initiated a project to devise a new regulatory model in collaboration with an external adviser, in which APG's role as market facilitator and enabler in achieving the energy transition is being emphasised, the challenges are being spotlighted and solutions worked out. In 2020, a position paper and a concrete legislative proposal in this regard were prepared. The task in the coming years will be to gradually implement those solutions.

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International activities

APG as a driving force in shaping the European environment and tools

Following the entry into force of numerous network codes (NCs) and guidelines (GLs) in Europe in recent years, some of them under the technical direction of APG, the focus in 2020 was on completing and implementing the regional transmission system operator (TSO) collaborations, implementing the national and European grid models (Individual and Common Grid Models) and the joint tools with other TSOs for grid security analysis in operational planning.

Among other things, the terms and conditions of collaboration were established for the two central European Regional Security Coordinators (RSCs) TSCNET and CORESO, enabling the operational implementation and application of the operational methodology decided in the Capacity Calculation Regions (CCRs).

In further developing grid operations planning, APG marked an important milestone by reaching completion in developing the national grid models. APG has thus assumed a leadership role in European grid security analysis.

APG's proactive involvement in shaping European grid operations and the European electricity market is also evident in its chairmanship of certain international bodies. Besides chairing the highest-level ENTSO-E body dedicated to system operations, the System Operations Committee, APG also took on other important roles in 2020, including as lead of the ENTSO-E Working Group Critical System Protection. Moreover, APG provides important services in the context of the future pan-European data and information communication network.

CEP - new energy legislation comes into force

The Internal Electricity Market Regulation and Directive entered into force on 4 July 2019.

70 per cent rule

Of particular importance is the provision that became effective on 1 January 2020 requiring 70% of transmission capacity (taking account of operational security and contingencies) to be made available for cross-border trading. Like most European countries, Austria requested a temporary exemption in this case, which was approved by E-Control for the duration of 2020.

In the course of implementing this 70 per cent rule, or implementing the measures associated with the exemption, new capacity calculation and validation models were developed in 2020, enabling the minimum capacity requirement to be factored into operational and security-critical processes. Specification and allocation of the necessary IT tools was completed back in the summer of 2020. Both tools are now in the development phase and are currently scheduled to be put into service and integrated into capacity calculation processes at the end of the first half of 2021 after being successfully tested. Also in 2020, cross-border collaborative arrangements for grid security measures were successfully extended to include two further cross-border redispatching agreements with the transmission system operators in Switzerland and Croatia. An additional agreement with the Hungarian transmission system operator is currently at the preparation stage.

To enable it to complete the systems required for capacity calculation and also address other factors beyond APG's control, such as loop flows from other countries, APG also requested exemptions for 2021, which were approved by E-Control in accordance with the relevant European provisions. Exemptions are also required in numerous other European countries in 2021.

While implementing the aforementioned measures, APG worked together with Vorarlberger Übertragungsnetz GmbH on a series of electricity market and grid analyses to fully investigate how immediate implementation of the 70 per cent requirement would affect the Austrian transmission grid. According to the results, immediate implementation of the requirement would lead to considerable, widespread overload on the Austrian transmission grid. The results were summarised in a hotspot report, which was accepted by E-Control by way of an official decision. The climate protection ministry responsible (Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology) then resolved to prepare a national

action plan, which was adopted by the Federal Minister in December 2020. Besides the grid expansion and upgrade projects that are especially important for the increase in grid capacity required over the long term, the action plan contains numerous other measures to improve or enhance congestion management at national and international level with a view to achieving the minimum capacity of 70% required by the Internal Electricity Market Regulation for cross-border electricity trading by the end of 2025. In the period up until then, the minimum capacity must be gradually increased each year along a linear trajectory, starting from 18.4%.

Further implications of the CEP for APG

Notable examples besides the 70 per cent capacity rule for cross-border electricity trading include the preparation of the tasks of the regional security coordinators (RSCs) and the development of a European method for assessing the adequacy of resources in the internal market for electricity.

By publishing the Green Deal on 11 December 2019, however, the European Commission had already paved the way for extensive legal changes in the energy sector. The aim is for the EU to achieve climate neutrality by 2050 in line with a sustainable economy. Many existing EU laws are being reviewed for their "climate compatibility" and revised as part of the Green Deal. One important initiative for APG in this context is the revision of the Energy Infrastructure Regulation. But the Green Deal also provides for new acts such as the Climate Law, which will enshrine a target of a 55% reduction in CO_2 emissions by 2030 in EU law.

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Asset management

Our energy system in a state of upheaval

The electricity system is undergoing massive changes due to the common consensus in Europe - and thus in Austria too - to take action to protect the climate. The expansion of renewable energy sources (RES) is being accelerated to comply with climate change legislation and to help make the energy transition a reality. The increasing electrification of the mobility and heating sectors in combination with the expansion of RES represents an important step towards achieving CO_2 reduction targets. Further developments in this regard are also expected in the industrial and commercial sectors.

The need for appropriate efforts to protect the world's climate is also reflected in the Austrian Government Programme 2020-2024 and the new Renewable Energy Development Act (Erneuerbaren-Ausbau-Gesetz, EAG). APG has a key role to play in achieving these climate policy targets, as a secure and efficient power system is essential to the success of the energy transition and to the electricity market.

Europe (EU-27) currently boasts wind power plants with an installed capacity of some 192 GW and photovoltaic (PV) installations with an installed capacity of around 130 GW. 2020 saw an increase of 13.2 GW in wind power and 15 GW in PV. In Austria too, total wind and photovoltaic power capacity has increased to more than 4.8 GW in recent years. With an installed capacity of approximately 14.6 GW, hydropower remains the heavyweight of renewable electricity generation in Austria.

The rapid expansion of RES has had a transformative effect on the way the system behaves: generation from RES exhibits a relatively high degree of volatility and is dependent on primary energy sources, i.e. water, wind and sunshine, whereas production at conventional (mainly thermal) power plants was previously guided by electricity consumption. Moreover, energy flows are now determined by market activity, supply and demand and pricing on the electricity market in combination with exchanges across geographies (electricity trading). Due to the high volume of subsidised RES being fed into the grid, electricity and market prices are often at levels at which thermal power plants can no longer be operated profitably. These power plants will subsequently be mothballed and closed. However, thermal power plants (mainly gas power plants for load coverage and congestion management purposes) are needed to cover periods of insufficient RES supply and to ensure back-up options are on hand to safeguard grid operation (cf. congestion prevention).

Alongside enhancements and the expansion of the power grid, new flexibility options (e.g. sector coupling, power-to-gas) must also be created in order to meet the ambitious targets set out in Austria's climate and energy strategy - including the gradual decarbonisation of industry and, above all, the intention to cover 100% of total national electricity consumption (net energy balance) with RES - by 2030. APG believes that electricity and energy storage systems and the use of new, innovative technologies will also be of major importance in future.

Network Development Plan: a sustainable and optimised grid concept

Each year, APG prepares and publishes a Network Development Plan (current version: NDP 2020) that includes input from market participants and distribution system operators. This is based on the long-term forecasts contained in the European Union's Ten-Year Network Development Plan (TYNDP) prepared by ENTSO-E with the assistance of APG (see http://tyndp.entsoe.eu). The TYNDP paints a detailed picture of the grid infrastructure projects that will be necessary in Europe over the next ten years along with their needs and benefits.

Preparation of a Network Development Plan is a legal requirement under ElWOG 2010. It must be based on sound scenario assumptions and detailed grid analyses as well as the grid connection and customer projects requested by APG. The NDP ensures that grid expansion requirements and the necessary grid investments are set out and published in a transparent manner. The NDP 2020 covers 36 projects in the planning period from 2021 to 2030 and was approved in an official notice issued by E-Control. It is published online by APG

(www.netzentwicklungsplan.at) and is also available on the E-Control website. The infrastructure projects contained in the NDP 2020 break down into:

- 230 km of new transmission lines, around 110 km of line conversions to higher voltage levels and 400 km of general overhauls/upgrades to existing power lines; and
- construction of new substations and expansion of existing substations involving some 150 switch panels and 30 new transformers.

The APG target grid concept provides for the creation of a 380-kV ring in Austria as well as high-capacity connections from western Austria and to neighbouring countries. The planned 380-kV ring will connect the load centres (large cities and metropolitan areas) with major generation units (renewable and conventional power plants) and facilitate the integration of renewables into the grid. In order to create an efficient, high-capacity grid infrastructure, APG is following the principle of putting the optimisation of the existing grid before enhancements and expansion. Accordingly, opportunities to optimise the grid, especially on existing routes, are exploited before new power line routes are planned.

Overall investment volumes

The projects in the Network Development Plan represent an investment volume of around €3.1bn over the next ten years. Since studies conducted at the Graz University of Technology and the Austrian Institute for Industrial Research (IWI) show that APG's projects will add up to 70% in value for the Austrian economy, their implementation will not only provide significant economic stimulus, but also permanently safeguard Austria as a business location. According to these studies, around 10,000 jobs will be created in Austria for every billion euros invested in the APG grid. This economic stimulus is of major importance in overcoming the COVID-19 crisis in particular.

The following sections describe APG's principal line projects.

Salzburg line project (St. Peter-Tauern)

The commissioning of the 114 km-long 380-kV Salzburg line between the Salzburg and Tauern substations will represent a significant step in establishing high-capacity connections from Austria's major (pumped storage) power plant sites to the country's load centres and metropolitan areas. In combination with APG's "Germany line" project, the scheme will also create a high-capacity link to Germany via the St. Peter network node. The Salzburg line will enable power plants in eastern Austria feeding in renewable energy (e.g. wind power) to interact with the pumped storage power plants and thus facilitate the storage of surplus RES or the provision of balancing services in the event of deviations in forecasts. Without the Salzburg line, the climate targets and the federal government's targets for the electricity sector cannot be met.

The project has been in the implementation phase since October 2019 and construction is progressing on schedule. The Salzburg line is due to go into operation in the second quarter of 2025. Due to the massive delays in the approval process and in order to partially offset the negative effects of the delay in commissioning the line, APG has had to introduce additional contingency measures aimed at increasing grid security and reducing congestion management.

One of these contingency measures involved the construction at short notice of a third 380/110-kV transformer at the Tauern substation, which was put into service in December 2019 (NDP project 18-1). In addition, conductors will be replaced on the 220-kV line from Tauern to Weißenbach in 2021, as the delays on the Salzburg line have also pushed back the general overhaul planned on this now 70-year-old line by at least five years.

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Germany line project (St. Peter-national border)

The 380-kV Germany line between St. Peter and the national border will entail an increase in interconnection capacity to Germany. A high-performance connection capable of handling the flows from RES in Germany and Northern Europe to Austrian load centres and pumped storage power plants in the Alps will make an important contribution to Europe's energy transition. Linking the markets will also bring significant benefits for domestic consumers and marketing options for Austrian producers.

APG has already started work on the construction of the nearly 3 km-long 380-kV line to the German border. Commissioning is scheduled for 2024/25 due to the complexity of the project for the 380-kV GIS (gas-insulated switchgear) installation at the St. Peter substation and, in particular, the extensive infrastructure measures on the German side with our partner TSO TenneT. On the Austrian side, the project will also see the two old 220-kV lines being dismantled, easing the burden on the local residential areas over the long term.

Weinviertel line project

Grid integration of wind power in the Weinviertel region necessitates the replacement of the 220-kV line originally built in the 1950s towards the areas in the northern Weinviertel region with strong wind conditions. The Weinviertel line is an important project in the integration of wind power in eastern Austria. To this end, APG made plans for a highly efficient 380-kV line along an optimised route from the Seyring junction to the new Zaya substation and a new 220-kV connection to the national border. The old 220-kV line, which is in need of renovation, will then be dismantled, easing the burden on residential areas and on important nature reserves and bird sanctuaries over the long term. Following a swift first-instance EIA process and the confirmation of this decision by the Federal Administrative Court, work to implement the project commenced in spring 2019. Construction work on the line and the substation has since been progressing on schedule, with commissioning due to take place in the second quarter of 2022.

Central Upper Austria project

The current 110-kV grid structure used to supply Upper Austria's central region (UACR) cannot support the capacities and volumes of electricity that will be needed in future for the dynamic growth in this grid area. The electricity supply to UACR from APG's Ernsthofen and Kronstorf substations is in need of extensive restructuring due to current trends such as decarbonisation - primarily in the industrial sector - and the expansion of RES, along with the requirements for future grid security and security of supply. Together with its partners Netz Oberösterreich and Linz Netz, APG is working hard to develop an expansion plan and prepare the environmental impact statement (EIS) documents to be submitted for the EIA process beginning in autumn 2021.

It is planned to construct a 220-kV supply ring to replace the 110-kV supply lines. The local 220-kV ring will link the Ernsthofen, Pichling, Hütte Süd, Wegscheid and Kronstorf substations. The overall plan agreed between the grid operators consists of replacing sections of existing lines and converting voltages on sections of lines already designed for 220 kV. The higher voltage level will enable more electrical power and energy to be transmitted in future, creating a secure, efficient and powerful electricity supply for UACR. It is planned to implement this large project between 2024 and 2029/30, with individual phases of construction scheduled to be put into operation as of 2026.

Reschen Pass project

APG's existing connecting line between Austria (Lienz) and Italy (Soverzene) dates back to 1952 and is no longer able to handle current requirements. The increasing generation of hydropower in Austria's western Alpine region (primarily pumped storage power plants), the expansion of RES across Europe, market trends and developments in Italy's energy industry (including the likewise massive expansion of RES in Italy) require higher interconnection capacity. The Reschen Pass project starting from the Nauders substation, which will be incorporated into the 380-kV line from West Tyrol to Pradella (Switzerland) in the vicinity of the three national borders, will create a new, second 220-kV connection to Italy and also link the APG and

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TERNA S.p.A. transmission grids. Following extensive coordination efforts with TERNA that had been ongoing since around 2009, preliminary work got under way in the Nauders substation area in early summer 2020. The decision on construction was then taken and construction work initiated in autumn 2020. The project is scheduled to be put into operation by the end of 2023.

General overhaul of the 220-kV St. Peter-Ernsthofen line

Built in 1941, this line was in urgent need of renovation after almost 80 years of service, as large sections no longer met current specifications for modern lines. This necessitated a general overhaul and the installation of new cabling along the existing 111 km-long route. Following completion of the approval process in 2017, work to implement the project in several phases of construction commenced in April 2018. The project ran to schedule and the line was successfully put back into operation in October 2020 after 30 months in construction.

Other projects and maintenance capital expenditures

APG is also planning extensive maintenance capex to modernise and improve substations and line systems at the 220-kV and 110-kV network levels (see also NDP 2020). When improvements are considered to existing switching systems (e.g. short circuit resistance), the end result can be extensive renovation, particularly in the case of older systems, or, increasingly, replacement for the purpose of optimising switching systems from a technical and economic viewpoint. In addition, old lines require extensive renovation and general overhauls (including replacement of conductors). Besides the investments in grid expansion projects, significant resources will also be needed in the coming years for maintenance capex and grid modernisation measures on existing switching stations and lines.

Use of innovative technologies in system conversions

Replacing existing switching stations on site poses significant challenges, as the new switching stations must be built in the same spot while systems are in operation. APG uses new, innovative technologies to reduce downtime and to restrict grid system operations as little as possible, thus ensuring a reliable supply of electricity during the conversion phase. Mobile 110-kV switching station containers employing GIS technology are being used for the 110-kV replacements in the Ernsthofen, Rosenau and Bisamberg switching stations. This allows existing open-air sections to be connected in very small spaces to create larger, cohesive open construction spaces and thus reduce construction time. In parallel with the 110-kV switching station containers, temporary solutions are being installed in the switching stations using field installation cables. This enables switching station areas to be selectively activated and prepared for conversion. APG is working with industrial partners to adapt these same methods and technologies to the 220-kV voltage level. Substation projects are also making increasing use of new technologies such as laser scanning in order to maintain digital images, plans and system documentation.

Digitalisation arrives on APG's large construction sites

How do you maintain an overview on line construction sites that extend over large distances, where a number of different companies are working alongside one another, hundreds of people are employed in different roles and several hundred requirements and measures need to be observed? The solution lies in cutting-edge data management and the answer to the question of how, in a digital world, the necessary information can be transmitted as quickly as possible and with little effort to the people who need it. This opens up further opportunities to maintain detailed and complete construction and system documentation.

Large infrastructure construction projects go on generating vast quantities of data for years. It is therefore essential to prepare, structure and store those data correctly. Conversely, errors in data storage and retention can cause significant costs. On its two large Weinviertel line and Salzburg line projects, APG therefore worked with partners to develop a comprehensive construction documentation system called ProlisBau. This tool is an agile piece of software with a short, open source-based design phase that is continuously developed in the course of the project in close consultation with all project members. Installed on the smartphones and PCs of the employees involved, this software

ensures that the project is implemented as decided and according to schedule and its implementation is documented. Analogue forms have been replaced with uniform digital processes. The data and information captured "in the field" on the construction sites using mobile devices and smartphones are transferred to the central systems and can be retrieved from the central data archives at any location.

Project environment management

In all projects, APG deals at length with the diverse demands and needs of the stakeholders involved. In 2020, project environment management focused once again on direct dialogue with community representatives, landowners and stakeholders. Besides providing project status updates, activities included managing measures planned in connection with projects. APG aims to wind up future approval procedures for large projects quickly and efficiently by working constructively together with stakeholders insofar as is possible, based on rigorous and transparent management of the various stakeholders locally. This requires sensitivity, transparency and a sense of responsibility. In line with the responsibility we bear for Austria's supply of electricity, APG will continue to apply these guiding principles on future projects.

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Corporate social responsibility

APG commits to the principles of sustainable action in its Code of Conduct. This is based on our corporate policy, which, in addition to considering economic needs, is also mindful of environmental constraints and strives for social equilibrium.

As in prior years, an integrated annual report has been prepared for calendar year 2020 that encompasses the topic of sustainability. As a wholly owned subsidiary of VERBUND, APG also makes a contribution to its integrated annual report. The report meets the requirements of the Austrian Sustainability and Diversity Improvement Act (Nachhaltigkeits- und Diversitätsverbesserungsgesetz, NaDiVeG) and the GRI Standards of the Global Reporting Initiative. APG takes environmental protection measures in the areas of route management, species protection and biodiversity. The main key performance indicators (KPI) for 2020 are presented below:

Purchases of electricity from the grid for internal consumption for office buildings with guarantees of origin from 100% hydropower (not from the billing of operating costs; calculation period 1 May 2019 to 30 April 2020)	203.503 MWh
APG own use	28,586 GWh
Grid losses, grid level 1	731,398 GWh
Water consumption	12,232 m³
Environmental revenue	€0.02m
Environmental costs of the plants and projects	€11.6m
Environmental costs for environmental management and provisions	€1.0m

APG's harmful emission levels (Scope 3 emissions) improved in 2020 on the back of the decrease in business travel due to COVID-19 and the sharp increase in the use of video-conferencing as a result. A new guideline on limiting emissions from the Company's fleet of vehicles was prepared that encourages video-conferencing in preference to business travel. Scope 3 emissions stem from the Company's operations but are beyond the Company's direct control. The following table shows the decrease in Scope 3 emissions year-on-year:

	2019	2020
Business trips by train	4 t CO_2	1 t CO_2
Business trips by plane	651 t CO_2	135 t CO_2
Business trips by car	183 t CO_2	156 t CO_2

New environmental laws and regulations are among the subjects presented in quarterly newsletters and at annual legal workshops and the effects on APG are discussed by a panel of experts. If it is necessary to take action, appropriate steps are taken to implement the requirements.

Success factor personnel

Personnel development

Expectations, goals and training needs are coordinated in annual performance reviews to ensure a common direction and goal-oriented, consistent professional and personal development. This helps employees to carry out their work in the best way possible, aligned with the Company's strategy and in the Company's best interests. Additional joint development programmes are offered to staff holding management functions and in the context of Company-wide training measures, such as the Meister training programme for master tradespersons in existence since 2017, the management development programme initiated in 2018 or the training sessions in preparation for performance reviews. The focus in 2020 was on "Safe and healthy management". Following its launch, the "SK 1920 - Safety culture at APG" project has introduced training and further education workshops for managers and appraisers and is set to continue in 2021.

Creating a positive setting

To bring about a more positive environment, e.g. with home working and flexible hours as well as support for paternity leave and granting fathers a month of "family time" after the birth of a baby, efforts are also made to help employees maintain a balance between work and family. 2019 saw successful re-certification and praise for the Company in terms of work-life balance from the Federal Ministry. The assessment process also instigated the creation of new improvement targets. The possibility for marginal employment during parental leave

was additionally introduced on this basis. To safeguard succession planning, the number of young skilled workers was increased and career paths were adjusted where deemed necessary to meet the needs of the labour market. In order to ensure compliance with the stringent security requirements for operators of critical infrastructure, extended security checks were also introduced for new entrants in relevant functions as part of a Company-wide security project.

Cross-functional understanding

Cross-functional understanding is promoted by holding joint events, such as the highly effective internal workshops "Our network - from design concept to reliable operation" and "From the basic idea of deregulation to current market design", and by providing for targeted job rotations of limited duration between departments, as well as manager meetings and closed-door sessions, so as to facilitate better intra-departmental collaboration. Non-HR topics, such as strategy or lessons learned from the coronavirus, were also discussed and developed in cross-departmental working groups.

Promotion of young talent

The continuous promotion of young talent in the sense of proactive personnel planning is important to us. For example, to effectively counter the long-term shortage of skilled workers in the labour market, several years ago APG made an important contribution towards ensuring highly trained young skilled workers with the roll-out of its apprentice programme. This will guarantee that APG has a sufficient number of young skilled workers available at all times to meet its needs.

Co-determination

Integrating our employee representatives above and beyond the legal requirements results in an extremely cooperative working environment and leads to decisions and measures being supported by employees with understanding.

Regular dissemination of current information to employees guarantees cooperation and innovation.

Focus on occupational safety

Safety is of primary importance in all of APG's activities and at all of its construction sites. Accordingly, safety and health plans are drawn up for all projects, contracting firms receive a comprehensive briefing in all areas and working premises are regularly inspected by the construction site coordinator. Documentation of these tasks is reproduced in APG's document management system. The high level of safety and health of our employees as well as external contractors is ensured by way of intensive training sessions, seminars and an active exchange of experience. Close collaboration with the labour inspectorates and the Austrian General Accident Insurance Institution (AUVA) is also an important part of these measures.

In 2020, the number of reportable accidents increased year-on-year. With a total of five reportable accidents (one commuting accident, four workplace accidents), APG reported three more than in 2019, which led to an increase in the accident rate (number of accidents per 1,000 employees) and can be explained by the number of sick days due to workplace accidents. The increase in the severity of accidents is due in particular to one workplace accident that was classified as severe.

Since 2018, the Lost Time Injury Frequency (LTIF) ratio has been included in the accident statistics. The LTIF ratio reflects the percentage of workplace accidents involving time away from work per one million work hours. The calculation includes all workplace accidents resulting in absences of one day or more (excluding accidents on the way to or from work), and includes accidents suffered by contractors. When the ratio is being computed, the hours clocked by external companies working on behalf of APG at APG workplaces and their accident events are taken into account. The LTIF for 2020 was 4.72.

In order to permanently improve the accident trend, job instructions will once again place special emphasis on the risk of "slipping, stumbling and falling accidents" as part of the 2021 safety priority programme. The SK1920 safety culture project, launched in 2018, is also designed to have a positive effect on the accident rate by promoting

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awareness of occupational safety. Increasing emphasis is placed on potential hazards when instructions are being issued to agency staff and external personnel. APG's health and fitness programme is also intended to play a role in further reducing the severity of accidents.

Following on from its evaluation of work-related psychological stress produced in summer of 2016, APG continues to publish information concerning all aspects of this topic on a regular basis via the intranet.

SK1920 safety culture programme

APG has set itself the goal of intensively fostering a culture of safety in order to become one of the leading companies with regard to safety - both nationally and internationally. To achieve this, the SK1920 safety culture programme was launched as a dedicated project scheduled to run for approximately three years, followed by continued integration into everyday business practices. Along with employee protection, the project aims to increase understanding of property protection and fire prevention as well as IT security as important corporate objectives.

The project's focus in 2020 was on training safety coaches and holding special workshops for managers and team leaders. Here, the safety coaches were trained to ensure that safety regulations are ever-present in daily work, while the focus of the manager training was on integrating safety into work assignments, awareness raising/sensitisation and control through presence. To build on this initial progress, further measures under the slogan "safe and healthy together" will be put in place that will eventually lead to a safety-first mentality taking permanent root at APG.

Integrated Management System (IMS)

All of APG's sites and lines are certified under the ISO 14001 (international environmental management systems), ISO 9001 (international quality management systems), OHSAS 18001 (safety and health management systems) and ISO 27001 (information security management) standards as amended. Annual internal and external audits of the integrated management system contribute to a continuous process of improvement in all areas and provide valuable guidance on optimising processes. The certified management system also increases organisational stability and legal certainty in the Company and raises awareness.

In 2020, the certification of the integrated management system (IMS) was confirmed by SystemZert auditors in a remote audit. The information security management system (ISMS) was examined by Certification & Information Security Services GmbH (CIS) and APG's overarching management system was audited for compliance with prevailing standards.

The audits found high levels of acceptance and engagement at APG with respect to the specifications of the IMS. Employees are exceedingly conscious of risk and opportunity, and the specified internal control mechanisms are very well established.

All certificates in the areas of environment, quality, safety, health and information security were reissued.

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Sustainable habitat management

Responsibility for nature

In addition to focusing on the technical and economic criteria, APG is increasingly called on to respond to the growing importance of environmental protection in the planning, implementation and maintenance of overhead lines. This involves taking into consideration the varied expectations and requirements of the relevant authorities, the landowners, the community, different stakeholders (e.g. agriculture and forestry, environmental protection, hunting, tourism) as well as APG itself so that flexible and integrated approaches can be found for needs-based and optimised solutions.

Back in 1997, APG had initiated a research project for ecological and economical line maintenance. In this project, which ran from 1997 until 1999, four model routes were analysed by different disciplines to determine their environmental and socio-economic value as well as their ecological integration into the landscape. With the "Sustainable route management" project, the content of this work was continued, expanded to APG's entire transmission grid and integrated into route management. Consequently, APG already has 20 years of experience in sustainable habitat management and makes a significant contribution to the use of line routes and substations as habitats for (endangered) native species of plants and animals.

APG and its partners also support numerous species protection projects with the aim of improving the habitat of avifauna and making line systems suitable as habitats for birds such as the saker falcon, the Ural owl or the red kite; this project is briefly outlined below:

LIFE EUROKITE nature project (red kite)

The extensive international/national project to develop the population of the red kite was set up in response to an inexplicable fall in numbers in Austria and Germany at the same time as the species' population in France and Switzerland is growing. To obtain a precise overview of the distribution of the birds of prey, the examination also considers the Red List species eastern imperial eagle, saker falcon, peregrine falcon and white-tailed eagle. The red kite is generally exposed to the following threats: direct/indirect poisoning, habitat loss, intensive land use, low breeding success, electrocution, wind turbines, traffic and illegal shooting.

The project therefore aims to:

- analyse the impact of human-caused mortality in the red kite and four other birds of prey;
- plan and implement countermeasures that directly target the causes of mortality;
- collect data on habitat use in Central Europe, with a focus on Austria and Germany.

To obtain reliable data, some 500 red kites and around 100 other birds of prey are fitted with transmitters so that their activity can be monitored continuously. Should a bird die, it can be found very quickly in order for the cause of mortality to be scientifically determined. The findings will be used to develop and possibly implement counter-strategies.

The project is primarily an Austro-German project. The large number of other participating countries is due to the birds' considerable mobility (mortalities can be expected all over Europe). The main partner is Germany's Nature and Biodiversity Conservation Union (NABU) because the biggest red kite population (50%) is in Germany. Why the populations in Central Europe (AT/CZ/SK/HU) are not growing faster is unclear; given the increase in Switzerland, this can only be explained by human-caused problems. It is precisely here that the project will provide explanations and initiate countermeasures.

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Benefits for APG:

- APG can implement and co-finance measures for which commitments have already been made as part of other projects.
- Voluntary implementation of measures on overhead lines makes related legal regulations (as is the case in DE and ES) unnecessary. By taking voluntary action, APG can co-determine/direct the process and is itself not dictated by legal regulations.
- In the (future) discussion about striking a balance between nature conservation and energy supply, APG will have high-quality data and facts at its disposal and be able to counter emotionally driven and flawed arguments much more effectively.
- As part of an overall sustainability strategy, the project can be used to position APG positively with regard to nature conservation and species protection. Especially in regions in which APG is active in construction and possible impacts on society, the environment and the economy are challenged by the public, the project is making a significant contribution. By participating in the project, APG actively engages in counteracting dwindling populations of endangered (bird) species and addressing issues such as habitat loss of endangered species. In line with APG's core business, the project contributes strategically to ensuring sustainable business and a positive public perception.

The LIFE EUROKITE project was given the green light by the European Commission in 2020 and will run until the end of 2028. The project has a total budget of €10 million over its entire term, which will be co-financed by the EU in the amount of 60%.

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Research and innovation

The transition to a fully renewable electricity system poses a multitude of new challenges for transmission system operators. Finding new solutions through research and innovation is therefore indispensable for a successful energy transition. In 2020, APG was actively involved in 30 research projects, including five at an international level. Two of these are described below to highlight the broad spectrum of topics addressed by APG.

Innovation in route inspections

Time and time again, disruptions occur on high and ultra-high voltage lines which cannot be clearly attributed to a specific cause. Rapid outage inspection using drones can be helpful here as, after power is interrupted briefly, it is often only a matter of ensuring that the lines are free from damage or the foreign objects causing the outage before the line can be put back into service again. Drones that fly by visual flight rules (VFR) have been used for route inspection purposes since 2013. The concept of aerial inspections has now been expanded to include a pilot project. After an intensive preparation phase and extensive risk analysis, APG received a green light from Austro Control for the first long-distance drone flight beyond visual line of sight (BVLOS). The first civil long-distance drone flight was subsequently conducted in October 2020 over a 100 km-long line route. In the future, this will mean that predefined flight routes can be fully automated in accordance with the legal framework for long-distance drones set out by Austro Control. The data collected will allow APG experts to make a rapid assessment of the condition of the line. In the near future, APG aims to build up further expertise and use the latest technical options for routine inspections as well.

Innovation in sensor technology

In the EU FARCROSS project, an international consortium is evaluating hardware and software solutions so that resources for the transmission capacity of cross-border power lines can be increased and exploited more effectively. These solutions will lead to improved capacity utilisation, greater flexibility and more stability in the international power grid. APG's focus in the FARCROSS project is on testing and assessing different sensors for dynamic line rating. A line-mounted sensor and a pylon-mounted sensor will each be installed on two APG lines to monitor sag and cable temperature. The data collected will be processed in complex models to make predictions and thus maximise the transmission capacity available. The interaction between sensors from different manufacturers, measuring technologies and data interfaces will also be tested. An additional pylon-mounted vibration measurement will monitor the forces on the pylon, making it easier to estimate its useful life.

Research spending and outlook

Expenditure for research amounted to approximately €1.3m in 2020.

Due to the central role of research and innovation as a response to growing demands on the transmission grid, APG has resolved to further expand its active participation in research projects in the future so that it can guarantee the customary high level of security of supply going forward.

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Financial performance indicators

All key figures are calculated based on reports by the Expert Committee for Business Administration and Organisation of the Austrian Chamber of Public Accountants and Tax Advisors (Fachsenat für Betriebswirtschaft und Organisation der Kammer der Wirtschaftstreuhänder, KFS-BW 3), with the exception of figures determined in accordance with the Austrian Business Reorganisation Act (URG). The method for calculating key figures is also cited in the glossary.

Results of operations

€K	2019	2020
Revenue	729,942.2	695,803.2
Earnings before interest and taxes (EBIT)	48,824.1	71,831.0
Result from ordinary activities	24,092.2	46,959.7
Average capital employed	841,404.2	799,584.0
Return on equity (ROE)	5.5%	10.7%
Return on investment (ROI)	2.8%	3.9%
APG Return on Capital Employed (APG-ROCE)	3.0%	4.2%
Return on sales (ROS)	6.7%	10.3%

Standard capital cost reimbursements

APG's investing activities form the basis for the standard capital cost reimbursements. The increase in the regulatory asset base from €1,458.4m to €1,691.5m is attributable to the further increase in annual capital expenditure of €360.3m year-on-year.

Revenue and electricity purchases

APG's revenue decreased by €34.1m year-on-year to €695.8m.

Expenses for the purchase of electricity were also down year-on-year, falling from €462.3m to €417.9m.

Both effects were attributed mainly to congestion management. In 2020, both congestion management expenses for the Austrian control area and the expenses that can be passed on to other grid operators fell compared with 2019. This reduced revenue and, at the same time, electricity purchases.

Personnel expenses

Personnel expenses declined year-on-year by €6.2m to €70.7m. In spite of staff increases stemming from the high level of investing activities, personnel expenses fell in 2020 due to the significantly lower one-off effects in connection with the measurement of social capital.

Depreciation and amortisation

As a result of the continuous growth in investment volumes, depreciation and amortisation also increased compared with the prior year with a rise of €1.9m to €92.6m.

Other operating expenses and other revenue

Other operating expenses in 2020 were significantly lower than in 2019 due mainly to an interest rate adjustment for the "liability for investment reserves" item and the recognition of other provisions in 2019. The increase in other operating expenses excluding one-off effects compared with 2019 was kept at a low level thanks to strict cost management.

Earnings

Earnings before interest and taxes (EBIT) stood at €71.8m, up €23.0m year-on-year. The increase is mainly attributed to negative one-off effects from social capital and interest rate adjustments in 2019. The standard capital cost reimbursements from the higher regulatory asset base also had a positive impact in 2020.

The result from ordinary activities increased by €22.9m, rising to €47.0m.

Profit after tax amounted to €35.5m and was thus €16.7m higher than the figure for the previous year.

The net retained profits to be paid out in 2021 came to €18.2m.

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Net assets

€K	2019	2020
Fixed assets	1,628,029.9	1,913,797.5
Current assets	217,464.6	212,190.1
Working capital	204,042.7	195,729.0
Current liabilities	465,396.7	513,601.8
Equity	459,275.4	485,067.5
Regulatory equity as percentage of assets without time lag	53.6%	44.1%

*) Calculation for the applicable year based on the offical cost notice

Fixed assets

Fixed assets showed a net increase of €285.8m given that additions to intangible and tangible fixed assets and long-term financial assets considerably exceeded the depreciation and amortisation charges.

Current liabilities

Current liabilities were up by €48.2m year-on-year, largely as a result of the increase in current tariff provisions and the sharp rise in investing activities.

Regulatory capital-to-assets ratio

The regulatory capital-to-assets ratio decreased from 53.6% to 44.1% due to the increase in the interest-earning basis (mostly tangible fixed assets) and the higher-than-average rise in interest-bearing debt at the same time, attributable to new long-term borrowings.

Financial position

€K	2019	2020
Net gearing	157.7%	185.5%
Net debt	724,393.2	899,696.0
Net working capital	261,354.0	317,872.8
Notional debt repayment period	11.9 years	11.5 years
Equity ratio	24.8%	22.8%

The increase in net gearing from 157.7% to 185.5% can be attributed to the higher net debt due to borrowings.

The notional debt repayment period amounted to 11.5 years in 2020. The equity ratio was maintained at a high level of 22.8%.

Cash flows for the financial year are presented separately in the following table. Based on opinion no. 36 on the cash flow statement (Austrian Commercial Code (UGB)) published by the Austrian Financial Reporting and Auditing Committee (AFRAC) in June 2020, the structure was changed and the 2019 prior-year figures were adjusted accordingly.

Management Report

Cash Flow Statement

€K	Note	2019*	2020
Profit before tax		24,092.2	46,959.7
Amortisation of intangible assets and depreciation of fixed assets		90,700.0	92,602.1
Amortisation of financial assets		2,191.6	264.1
Result from disposal of fixed assets		1,422.3	279.7
Change in long-term provisions		6,710.3	-1,093.4
Change in long-term liabilities		35,239.8	-17,258.4
Change in long-term other receivables and assets		24,425.4	-3,045.1
Income from the reversal of building cost contributions and investment grants		-7,763.4	-7,798.2
Investment income, income from other securities classified as long-term financial assets and other interest and similar income/interest and similar expenses		17,874.4	22,475.0
Other non-cash expenses		-24.9	-24.9
Change in inventories		85.3	-18.2
Change in trade receivables and other receivables		10,068.1	16,795.9
Change in trade payables, other liabilities and deferred income		16,851.5	26,266.5
Change in current provisions		-668.0	20,679.7
Taxes paid		-8,115.1	-6,092.8
Net cash flow from operating activities	**(1)**	**213,089.7**	**190,991.7**
Investments in intangible and tangible fixed assets		-200,490.8	-349,560.2
Disposals of intangible and tangible fixed assets		1,060.8	750.8
Investments in long-term financial assets		0.0	-3.0
Disposals of long-term financial assets		864.6	0.0
Cash inflow from investment, interest and securities income		5,268.2	1,616.4
Net cash flow from investing activities	**(2)**	**-193,297.1**	**-347,196.0**
Building cost contributions and grants received		12,846.7	19,364.6
Proceeds/disbursements from increases/decreases in Group financing		-20,902.8	179,097.2
Proceeds/disbursements from increases/decreases in Group clearing balances		31,863.0	-11,418.7
Dividends paid		-19,686.4	-9,733.9
Cash outflow for interest and similar expenses		-23,142.6	-24,091.3
Net cash flow from financing activities	**(3)**	**-19,022.1**	**153,217.9**
Change in cash and cash equivalents		770.4	-2,986.5
Cash and cash equivalents as at 1/1		3,234.3	4,004.6
Cash and cash equivalents as at 31/12		**4,004.6**	**1,018.1**

* 2019 prior-year figures have been adjusted.

Management Report

[1] Net cash flows from operating activities

Net cash flows from operating activities are calculated using the indirect method and decreased by €22.1m year-on-year to €191.0m. Compared with the regulatory earnings potential, these remain at a very high level.

Summary of the main drivers of operating cash flows in 2020 compared with 2019

›› Higher collectively agreed absorbing of surplus cover from the past as a result of congestion management and auctions
›› Lower national grid revenue and international revenue from auctions

Changes in liabilities, receivables and provisions

Regulatory liabilities are presented as current provisions for liabilities in the year of recognition. In the following year, the provisions for liabilities are reclassified to regulatory liabilities and their maturity is determined once the extent of the regulatory liability has been ascertained in the tariff notice. Changes in maturity (from current to non-current) from year to year also result from changes in future premises. Some individual items of the operating cash flow are significantly influenced by this method.

[2] Net cash flows from investing activities

The outflow of funds from investing activities for intangible and tangible fixed assets amounted to €349.6m. The primary capital expenditures related to the 380-kV Salzburg line, the general overhaul of the 220-kV St. Peter-Ernsthofen line and the Weinviertel line replacement as well as other expansion and operating investments. Taking into account the disposal of intangible fixed assets, tangible fixed assets and long-term financial assets, investing activities required €347.2m in cash funds.

[3] Net cash flows from financing activities

Contributions to building costs and grants

The €19.4m received in contributions to construction costs and investment grants related in particular to the Zaya and Zurndorf substations.

Group financing and clearing balances

Proceeds/disbursements from increases/decreases in Group financing result from new long-term borrowings of €200m to finance the high future investment volumes. The annual repayment of a further tranche of €-20.9m also took place in 2020, giving a net cash inflow of €179.1m.

Furthermore, Group clearing balances changed by €11.4m. Current receivables from the Group arising from Group clearing balances therefore increased to €71.9m as at 31 December 2020.

Dividends

In financial year 2019, net retained profits amounted to €9.7m, all of which was distributed to the owners in 2020.

Risk and opportunity management

APG's operational risk management ensures Company-wide identification and analysis of the risks to which the Company is exposed as well as adequate action management and documentation. This aims to identify risks at an early stage and thus ensure the smallest possible deviation from the corporate goals and targets (result, security of supply and image). Building on APG's revised corporate strategy, a project was launched in financial year 2020 to develop a strategic risk management system and to identify APG's strategic risks. This work will be completed in 2021.

Overall assessment of risk

No risks were identified in financial year 2020 that individually or in their entirety could jeopardise the Company's ability to continue as a going concern or have a significant negative effect on its financial position and financial performance. As things stand today, there are no foreseeable risks to the Company as a going concern.

Significant risks and opportunities

Financial risks

Financial risk primarily involves planning risks arising from deviations in volumes or prices. This especially concerns risks arising from the electricity business such as those related to congestion management, control power and energy to cover system losses, or from cross-border electricity trading. Such risks are sometimes subject to considerable volume and price volatility due to market, weather or seasonal factors. This volatility will be mitigated through international alliances, the development of national markets, forecasting models and safeguarding of grid reserves. New IT systems such as energy trading and risk management software will also be implemented.

Risk arising from systems and operations

The main risks associated with systems and operations are the risk of operational disruptions and the risk of damage from natural hazards such as flooding, mudslides, avalanches and storms. A catalogue of measures to reduce such risk includes early observation of critical factors in planning and the preservation of susceptible towers in addition to regular maintenance measures such as flyovers, thermal imaging and cable checks. We pursue alliances both within Austria and internationally in order to rectify any potential damage events as quickly as possible.

Risks relating to the environment and health

The environment and the health of employees must be protected. APG implements extensive measures to minimise risks in these areas including safety briefings, technical safety inspections, training and continuing education, work instructions and corporate policies.

IT and cybersecurity

Information technology underlies most of our business processes. Protecting our systems and data is vital for ensuring a stable supply of energy. APG has long set itself high standards for information security that are regularly reviewed and confirmed through external certification in accordance with ISO 27001 and ISO 27019. In addition, the Austrian Network and Information System Security Act (Netz- und Informationssystemsicherheitsgesetz, NISG) that came into force last year requires compliance with legally stipulated security requirements. The rapidly changing threat situation in the digitalised environment is monitored continuously, and measures are developed and implemented to mitigate relevant cyber risks. A high level of security awareness is ensured in all areas through ongoing awareness-raising.

Risk arising from compliance and legal matters

Compliance is the observance of all laws as well as internal company regulations, though business activities must also be in line with APG's values and uphold the principles of morality and ethics. This is why APG has a comprehensive compliance management system (CMS) in place that helps its employees to comply with and implement the regulations. Environmental impact assessments can potentially lead to significant project delays.

Risks arising from the pandemic

APG is aware of its extensive social responsibilities as an operator of critical infrastructure in these difficult times and fully supports the measures taken by Austria's federal government to limit the spread of COVID-19. Such measures include formation of a crisis team, expansion of standby teams, maximum use of teleworking and splitting up teams.

Risks arising from hedging transactions

Electricity forwards of up to two years into the future are purchased in order to cover system losses. There is no price risk due to the procurement process coordinated with the regulatory agency E-Control Austria. APG utilises the "own use" method of accounting.

Horizontal monitoring and tax review system

By taking part in the horizontal monitoring ("Begleitende Kontrolle") project, APG has a duty to maintain a tax review system pursuant to Section 153b(6) of the Austrian Federal Fiscal Code (BAO). The tax review system is the sum of all measures designed to ensure that the tax base for the type of taxes and charges in question is presented in the correct amount and that the correct amount of taxes charged is transferred in good time. This tax review system is a critical part of APG's internal control system. It supplements the specification and regulations of the Group policy for VERBUND's review network.

Outlook

The alarming change to our climate is one of the greatest challenges facing our generation. On account of new technologies, the digitalisation and democratisation of the energy system is taking place at the same time. APG will continue to face enormous challenges going forward due to the resulting developments in the energy market, the implementation of the energy transition and the process of transforming the energy system itself. So that this complex and dynamic environment can continue to be actively influenced for the benefit of Austria, its people and its businesses, the next year will be dominated by the following tasks, among others:

- High trans-regional load flows in the European transmission grid will continue to necessitate interventions in Austrian power-generating facilities in order to secure grid operations over the long term. Congestion management measures will continue to be one of APG's biggest cost items.
- The timely and efficient implementation of the APG grid expansion and modernisation programme is urgently necessary in light of the current energy market situation in order to be able to ensure the performance and stability of the system in the long term. Furthermore, APG is planning extensive capital expenditures for the modernisation and reinforcement of substations and line systems. These investments are a key factor for ensuring the permanent security of supply of Austria as a place to live and conduct business and to be able to grow the domestic economy. Sharply rising investment volumes will lead to an expansion of the regulatory asset base and therefore to permanently increased earnings in the future.
- The planned increase in investing activities and the changing operating environment will ultimately lead to an increase in the Company's own personnel, own work capitalised and purchased external services.

- Long-term borrowings will continue to be used to finance grid expansion, with green finance instruments playing an important role here. APG's debt level will continue to rise.
- APG will take advantage of digitalisation in all of its facets and tasks in order to be sustainable, innovative and efficient.
- The electricity business with monopoly and market products in the national and international context will become increasingly important in connection with the further development of the energy market and be correspondingly reflected in APG's figures. These developments will have a substantial impact on the regulatory account, which will stabilise the results under the Austrian Commercial Code (UGB). However, the effects on APG's cash flow and balance sheet are important in this context. Based on current developments, a high level of provisions will need to be recognised to cover future contingencies.
- In addition, APG's business activities should continue to be considered from the perspective of generating sustainable and appropriate EBIT under the regulatory return parameters and creating cost efficiencies. Ensuring this on a lasting basis will also require APG to act quickly and, together with affected stakeholders, deal with the new regulatory period starting in 2023. This is especially so when it comes to the Company's business model which, in addition to the construction and operation of plants, now also entails major tasks relating to security of supply, integration of renewables, and the development of markets and management of electricity products.

Based on current findings and forecasts, it appears that the revenue and earnings situation will pick up in 2021 given the RAB growth, the non-recurrence of considerable negative one-off effects (particularly in social capital) and the fact that cost management is still strict.

Report on branch offices

The Company had one non-operating branch office in financial year 2020. The substation in Jochenstein, Germany, was put into technical operation in 2018.

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Balance Sheet as at 31/12/2020

ASSETS in €K	Note	2019	2020
A. Fixed assets			
I. Intangible fixed assets	(1)	16,368.4	18,391.0
II. Tangible fixed assets	(2)	1,596,078.1	1,880,084.2
III. Long-term financial assets	(3)	15,583.4	15,322.3
		1,628,029.9	**1,913,797.5**
B. Current assets			
I. Inventories	(4)		
1. Consumables and operating supplies		470.3	488.5
		470.3	**488.5**
II. Receivables and other assets	(5)		
1. Trade receivables		83,932.9	93,764.9
of which due in > 1 year €0.0k (previous year: €0.0k)			
2. Receivables from affiliated companies		60,463.4	71,882.1
of which due in > 1 year €0.0k (previous year: €0.0k)			
3. Receivables from other long-term investees and investors		9,410.9	11,375.9
of which due in > 1 year €0.0k (previous year: €0.0k)			
4. Other receivables and assets		59,182.5	33,660.6
of which due in > 1 year €16,466.9k (previous year: €13,421.8k)			
		212,989.6	**210,683.5**
III. Cash-in-hand and bank balances		4,004.6	1,018.1
		4,004.6	**1,018.1**
C. Prepaid expenses			
1. Other		0.0	5.8
		0.0	**5.8**
D. Deferred tax assets	**(6)**	**9,496.6**	**4,155.6**
		9,496.6	**4,155.6**
		1,854,991.1	**2,130,149.0**

Financial Statements

EQUITY AND LIABILITIES in €K	Note	2019	2020
A. Equity			
I. Called and paid-in share capital	(7)	70,000.0	70,000.0
Available share capital: €70,000.0k (previous year: €70,000.0k)			
II. Capital reserves	(8)	15,383.5	15,383.5
III. Revenue reserves	(9)	364,158.0	381,520.4
IV. Net retained profits	(10)	9,733.9	18,163.5
		459,275.4	**485,067.5**
B. Provisions	**(11)**		
1. Provisions for termination benefits		21,749.4	21,459.3
2. Provisions for pensions and similar obligations		72,641.9	71,345.5
3. Other provisions		251,923.5	289,691.8
		346,314.8	**382,496.6**
C. Liabilities	**(12)**		
1. Payments received on account of orders		682.1	4,600.4
of which due in < 1 year €4,600.4k (previous year: €682.1k)			
2. Trade payables		16,258.0	18,287.6
of which due in < 1 year €17,452.1k (previous year: €15,659.8k)			
of which due in > 1 year €835.5k (previous year: €598.2k)			
3. Liabilities to affiliated companies		633,041.9	814,117.7
of which due in < 1 year €36,055.2k (previous year: €37,854.4k)			
of which due in > 1 year €778,062.5k (previous year: €595,187.5k)			
4. Liabilities to other long-term investees and investors		323.4	725.5
of which due in < 1 year €725.5k (previous year: €323.4k)			
5. Other liabilities		288,912.9	303,618.4
of which from taxes €1,360.0k (previous year: €11,656.9k)			
of which from social security €1,225.5k (previous year: €1,108.2k)			
of which due in < 1 year €167,597.8k (previous year: €152,627.7k)			
of which due in > 1 year €136,020.6k (previous year: €136,285.2k)			
		939,218.3	**1,141,349.5**
D. Deferred income	**(13)**		
1. Contributions to building costs		94,774.8	106,879.2
2. Other		15,407.8	14,356.2
		110,182.6	**121,235.4**
		1,854,991.1	**2,130,149.0**

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Income Statement for the financial year 2020

€K		Note	2019	2020
1.	Revenue	(14)	729,942.2	695,803.2
2.	Other own work capitalised		18,341.7	19,954.7
3.	Other operating income	(15)		
	a. Income from disposal and reversal of write-downs of fixed assets with the exception of long-term financial assets		194.9	288.4
	b. Income from reversal of provisions		428.7	2,562.8
	b. Miscellaneous		8,561.6	8,781.1
			9,185.2	**11,632.3**
4.	**Gross profit (subtotal from lines 1 to 3)**		**757,469.1**	**727,390.2**
5.	Expenditures for electricity and other purchased services and production services		-462,258.4	-417,891.6
6.	Personnel expenses	(16)		
	a. Wages		-375.3	-383.1
	b. Salaries		-50,525.1	-52,976.1
	c. Social expenses		-26,037.7	-17,351.0
	of which cost of old age pensions €-2,779.0k (previous year: €-10,062.4k)			
	aa. Expenses for termination benefits and payments to employee pension funds €-1,691.2k (previous year: €-3,826.5k)			
	bb. Expenses for social security as required by law as well as income-based charges and mandatory contributions €-12,159.3k (previous year: €-11,507.7k)			
			-76,938.1	**-70,710.2**
7.	Depreciation and amortisation	(17)	-90,700.0	-92,602.1
8.	Other operating expenses	(18)		
	a. Taxes not included under line 16		-369.5	-337.0
	b. Miscellaneous		-83,400.9	-75,617.4
			-83,770.4	**-75,954.4**
9.	**Operating profits (subtotal from lines 4 to 8)**		**43,802.1**	**70,232.0**

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10. Income from long-term equity investments		1,764.8	1,610.6
of which from affiliated companies €801.1k (previous year: €669.1k)			
11. Income from other securities and long-term loans		3,477.8	0.0
12. Other interest and similar income		25.6	5.7
of which from affiliated companies €2.2k (previous year: €3.1k)			
13. Income from the disposal of long-term financial assets		90.5	246.7
14. Expenses from long-term financial assets and securities classified as current assets		-336.8	-264.1
of which amortisation €-264.1k (previous year: €-322.4k)			
15. Interest and similar expenses		-24,731.9	-24,871.2
of which from affiliated companies €-23,765.4k (previous year: €-22,582.9k)			
16. Financial result (subtotal from lines 10 to 15)	**(19)**	**-19,710.0**	**-23,272.2**
17. Result from ordinary activities		**24,092.2**	**46,959.7**
18. Taxes on income	(20)	-5,293.4	-11,433.8
19. Net income for the financial year		**18,798.7**	**35,526.0**
20. Allocation to revenue reserves		-9,064.8	-17,362.4
21. Net retained profits		**9,733.9**	**18,163.5**

Financial Statements

Statement of Changes in Fixed Assets

	Historical cost in €K				
	Balance 1/1/2020	Additions	Disposals	Reclassifications	Balance 31/12/2020
I. Intangible fixed assets					
1. Concessions, industrial property rights, electricity purchase rights, usage fees and similar rights and benefits as well as licences derived therefrom	60,604.5	6,797.2	70.9	0.0	67,330.8
	60,604.5	**6,797.2**	**70.9**	**0.0**	**67,330.8**
II. Tangible fixed assets					
1. Land, land rights and buildings, including buildings on third-party land					
a. With residential buildings	271.1	0.0	1.4	0.0	269.7
b. With plant facilities and other structures	280,252.9	14,031.7	51.5	12,166.0	306,399.0
c. Undeveloped land	3,738.2	2,160.7	0.0	102.5	6,001.4
2. Machinery	5,337.3	32.2	0.0	0.0	5,369.5
3. Electrical installations	1,253,928.3	26,488.1	6,992.2	17,785.7	1,291,209.9
4. Power lines	1,329,302.7	43,050.7	38.5	99,748.3	1,472,063.2
5. Other equipment, operating and office equipment	49,501.7	4,294.0	540.4	4.1	53,259.3
6. Assets under construction, projects and prepayments	403,037.1	282,806.7	12.5	-129,806.6	556,024.6
	3,325,369.2	**372,864.1**	**7,636.5**	**0.0**	**3,690,596.7**
Tangible and intangible fixed assets	**3,385,973.7**	**379,661.3**	**7,707.5**	**0.0**	**3,757,927.5**
III. Long-term financial assets					
1. Shares in affiliated companies	127.2	0.0	0.0	0.0	127.2
2. Other long-term equity investments	6,751.3	3.0	0.0	0.0	6,754.3
3. Long-term securities	12,301.5	0.0	0.0	0.0	12,301.5
	19,180.0	**3.0**	**0.0**	**0.0**	**19,183.0**
Fixed assets	**3,405,153.8**	**379,664.3**	**7,707.5**	**0.0**	**3,777,110.6**

The value of properties as at 31/12/2020 €34,385.3k
31/12/2019 €31,799.4k

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Depreciation and amortisation in €K						Net carrying amount in €K	
Balance 1/1/2020	Additions	Disposals	Write-ups	Reclassifications	Balance 31/12/2020	Net carrying amount as at 31/12/2020	Net carrying amount as at 1/1/2020
44.236,1	4.759,7	56,0	0,0	0,0	48.939,8	18.391,0	16.368,4
44.236,1	**4.759,7**	**56,0**	**0,0**	**0,0**	**48.939,8**	**18.391,0**	**16.368,4**
260,2	0,3	0,0	0,0	0,0	260,4	9,2	10,9
155.232,6	7.036,8	0,9	0,0	0,0	162.268,5	144.130,5	125.020,3
0,0	0,0	0,0	0,0	0,0	0,0	6.001,4	3.738,2
2.498,1	250,9	0,0	0,0	0,0	2.749,0	2.620,5	2.839,2
804.643,1	47.579,3	6.145,0	0,0	0,0	846.077,4	445.132,5	449.285,2
729.651,6	27.946,0	1,2	0,0	0,0	757.596,5	714.466,7	599.651,1
37.005,5	5.029,1	473,9	0,0	0,0	41.560,7	11.698,7	12.496,2
0,0	0,0	0,0	0,0	0,0	0,0	556.024,6	403.037,1
1.729.291,1	**87.842,4**	**6.620,9**	**0,0**	**0,0**	**1.810.512,5**	**1.880.084,2**	**1.596.078,1**
1.773.527,2	**92.602,1**	**6.676,9**	**0,0**	**0,0**	**1.859.452,3**	**1.898.475,2**	**1.612.446,5**
0,0	0,0	0,0	0,0	0,0	0,0	127,2	127,2
0,0	0,0	0,0	0,0	0,0	0,0	6.754,3	6.751,3
3.596,6	264,1	0,0	0,0	0,0	3.860,7	8.440,8	8.704,9
3.596,6	**264,1**	**0,0**	**0,0**	**0,0**	**3.860,7**	**15.322,3**	**15.583,4**
1.777.123,8	**92.866,2**	**6.676,9**	**0,0**	**0,0**	**1.863.313,1**	**1.913.797,5**	**1.628.029,9**

Details on equity investments in accordance with Section 238 [1] [4] UGB

€K	Registered office	Share of capital in % as at 31/12/2020	Most recent annual financial statements	(+) (–)	Net income/loss for the financial year	Equity
Affiliated companies non-consolidated						
VUM Verfahren Umwelt Management GmbH	Klagenfurt	100.00	2020	+	801.1	967.2
Other long-term equity investments						
OeMAG Abwicklungsstelle für Ökostrom AG	Vienna	24.40	2019	+	380.6	5,975.4

Notes to the financial statements

I. Accounting policies

Preliminary remarks

The annual financial statements were prepared in accordance with Austrian Generally Accepted Accounting Principles and the general standard of giving a true and fair view of the Company's financial position and financial performance.

The accounting, measurement and presentation of the individual items in the annual financial statements have been carried out in accordance with the general provisions of Sections 195 to 211 of the Austrian Commercial Code (UGB), taking into account the special provisions for corporations in Sections 221 to 235 of the Austrian Commercial Code (UGB). It was assumed that the Company will continue as a going concern.

The Company is a large corporation as defined in Section 221 of the Austrian Commercial Code (UGB).

Rounding differences may occur when adding rounded amounts and percentages due to the use of automated calculation systems.

Fixed assets

As a rule, depreciable fixed assets are measured at cost less depreciation and amortisation.

In addition to direct costs, an appropriate amount of material and indirect labour costs is capitalised in the production cost of internally generated assets. APG has chosen not to apply the optional method of measurement with respect to the inclusion of social security expenses, termination benefits and contributions to the employee pension funds defined under Section 203(3) of the Austrian Commercial Code (UGB) as well as with respect to the capitalisation of borrowing costs in accordance with Section 203(4) UGB. Low-value assets are fully written off in the year of acquisition in accordance with Section 226(3) UGB.

Tangible and intangible fixed assets used for more than six months during the financial year are depreciated at the full annual rate; those used for less than six months are depreciated at half the annual rate.

Purchased intangible assets are measured at cost and, where subject to wear and tear, are amortised based on the average useful life.

The current catalogue of uniform depreciation rates applied by Austrian Power Grid AG (APG) essentially comprises the following rates of depreciation:

	Depreciation rate in %	Useful life in years
Intangible fixed assets		
Rights to telecommunications facilities	10	10
Rights to software products	25	4
Other rights	5	20
Buildings		
Residential and office buildings	2 and 3	33.3 and 50
Plant buildings	3	33.3
Technical equipment and machinery		
Machinery	4 and 5	20 and 25
Electrical installations	5	20
Power lines	2	50
Office and plant equipment	**10–25**	**4–10**

Long-term financial assets are recognised at cost or fair value in accordance with Section 189a(4) of the Austrian Commercial Code (UGB). Due to the fact that the option previously granted under Section 208(2) UGB no longer applies, the reversals of write-downs that were omitted until 2015 were recognised in 2016. The option granted under Section 906(32) in conjunction with Section 124b(270) of the Austrian Income Tax Act (EStG) 1988 was exercised and the reversals of write-downs were recognised under deferred income.

Loans bearing interest are recognised at nominal value. Receivables with a remaining term of more than one year are reported as loans under long-term financial assets.

Notes to the financial statements

The useful lives of the tangible fixed assets stipulated by taxation requirements were evaluated together with Österreichs Energie and the Tax Office in 2020 and extended and adapted for the entire industry. These must be applied to all new tangible fixed assets commissioned from 1 January 2021.

Current assets

Inventories of consumables and operating supplies are measured at cost or fair value in accordance with the strict lower of cost or market value principle. A permanent inventory is kept of stored supplies and spare parts are measured based on the moving average price method. Inventory risks arising from the storage period and reduced utility are taken into account through appropriate write-downs in value.

Receivables and other assets are measured at nominal value, unless a lower amount is to be recognised in the event of identifiable specific risk.

Prepaid expenses and deferred income

Prepaid expenses relate to expenses already paid for future financial years and are reversed in accordance with the contractual term.

Deferred income includes building cost contributions and investment grants, which are depreciated based on the useful life of the tangible fixed assets.

In financial year 2020, APG applied for the COVID-19 investment subsidy. According to information published in December 2020 by the Austrian Financial Reporting and Auditing Committee (AFRAC) in a document entitled "AFRAC-Fachinformation COVID-19", the subsidy shall only be capitalised in proportion to the expenses actually incurred that have already been recognised in the financial statements.

Deferred tax assets

Deferred tax assets are recognised in the balance sheet for tax relief expected in subsequent years. The deferral item results from differences between the carrying amounts under commercial law and the tax base of line items that cannot be offset until future tax periods. The deferred taxes attributable to APG as a group member[1] based on tax allocation are presented under the current result in the income statement.

Regulatory assets and liabilities

APG's grid rates are set by E-Control Austria (regulator) using estimates of costs and revenues based on audited prior-year figures for the year following the review. Lower or higher costs or revenues in previous periods are taken into account when determining future tariffs.

In order to ensure the steady development of fees over time, the regulatory account was introduced under Section 50 of the 2010 Austrian Electricity Industry and Organisation Act (ElWOG 2010) and also under Section 59(8) ElWOG 2010. These special provisions in ElWOG 2010 regarding accounting treatment are applied by APG.

The option granted under Section 50(2) ElWOG 2010 to distribute relevant extraordinary income or expenses over the regulatory account is exercised as needed. The option granted under Section 59(8) ElWOG 2010 to recognise an asset item for the time lag arising in connection with the settlement of system charges is also applied.

- Regulatory assets: APG's higher costs and/or lower revenue will be compensated in future years by grid users being charged higher tariffs. This future claim is presented as an asset under other receivables.
- Regulatory liabilities: APG is obligated to reimburse grid users for lower costs and/or higher revenue by charging lower tariffs. Such obligations are presented as current provisions in the year of recognition. In the subsequent year, this provision will be reclassified as a regulatory liability as specified in a notice received from the regulator and presented under other liabilities.

Provisions

Provisions reflect all identifiable risks attributable to a past financial year and include all amounts deemed necessary based on prudent business judgement.

[1] See taxes on income

Notes to the financial statements

Provisions for termination benefits are allocated at the full actuarial amount based on the projected unit credit method typically used in international accounting. With respect to termination benefit obligations, service cost is allocated over the entire length of service, but at most over the period in which the employee maximises their termination benefit entitlement (or reaches the age of 62). Employees whose contracts began after 31 December 2002 are not entitled to a direct claim against their employer for statutory termination benefits. For these employment contracts, the employer pays 1.53% of the salary monthly into an employee pension fund in which the premiums are invested for the employee. The provisions for termination benefits reflect regulations that go beyond the statutory claims specified under the collective agreement for energy providers.

APG is obligated based on labour-management agreements and contracts to pay pension benefits to employees when they retire if certain requirements are met. Dedicated pension fund assets of APK Pensionskasse AG are available to cover some of these defined benefit obligations. The provisions determined in accordance with the projected unit credit method typically applied in international accounting standards are presented net of pension fund assets. The employer is obligated to provide additional funding to the extent that these defined benefit obligations are to be fulfilled by APK Pensionskasse AG. The defined contribution plans do not result in any obligation on the part of the employer in excess of the premium payments.

Provisions for current pensions, vested pension benefits and similar obligations are determined based on the projected unit credit method.

Interest expense pertaining to personnel-related obligations is presented in the financial result in accordance with international standards.

The calculations were based on the "AVÖ 2018-P Actuarial Assumptions for Pension Insurance" in force since 2018.

The interest rate applied for the expected return on plan assets was the same as the one used to calculate the associated provisions.

Calculations as at 31 December 2020 and 31 December 2019 are based on the following assumptions:

	2019	2020
Interest rate		
Pensions and similar obligations	0.75% and 1.00%	0.75%
Termination benefits	0.75%	0.50%
Trend		
Increases in pension	2.00%	2.00%
Increases in salary	2.75%	2.75%
Contribution payments for obligations similar to pensions - old contracts	6.00%	6.00%
Contribution payments for obligations similar to pensions - new contracts	3.75%	3.75%
Turnover	0.00%-4.10%	0.00%-4.10%
Retirement age for women	56.5-65 y.	56.5-65 y.
Retirement age for men	61.5-65 y.	61.5-65 y.
Expected long-term return on fund assets	0.75%	0.75%

Liabilities

Liabilities are recognised at their settlement amount based on the principle of prudence.

Notes to the financial statements

Taxes on income

Austrian Power Grid AG is not a taxable entity in terms of corporate income tax due to its inclusion as a member of the corporate group of the parent entity VERBUND AG (Group and Tax Allocation Agreement dated 21 September 2005).

The members of the group are charged attributable amounts for corporate income tax incurred by them in the form of positive tax allocations amounting to 25% of their attributable positive income; if a loss is generated, they are credited 25% of their attributable negative income in the form of negative tax allocations. The offsetting of allocated tax amounts shifts the tax expense within the group parent's income statement.

The tax offsets with the group members are only adjusted to reflect subsequent differences if they are material.

APG's participation in the horizontal monitoring project means there is permanent dialogue with the tax authorities instead of a subsequent external audit. The goal is to increase legal certainty and planning reliability in tax matters. Participants in this project first have to implement a tax review system. For more information, see the notes in the management report under "Risk and opportunity management".

II. Notes to the balance sheet and income statement

General information

Individual line items are consolidated in the balance sheet and income statement in the interest of clarity. These line items are explained separately in the notes to the financial statements.

In accordance with Section 223(7) UGB, items in the balance sheet and income statement that did not show an amount in either the financial year or the previous year are not stated. In accordance with Section 223(4) UGB, the descriptions of the items were shortened or expanded to reflect their actual contents if it was deemed to increase the clarity and understanding of the annual financial statements.

As a general rule, if the presentation changes in comparison to the previous year, the amounts reported for the previous year are adjusted and explained in accordance with Section 223(2) UGB.

Effects of COVID-19 on APG

After the government unveiled drastic measures to contain the spread of the coronavirus, APG activated its crisis management procedures on 10 March 2020. At the same time, construction on all building projects was temporarily halted, and a large proportion of the workforce has since been working from home. As construction projects were allowed to resume in early April with due observance of safety protocols, this did not have a significant impact on APG's business activities.

The nationwide measures also led to a load decline in APG's grid, reducing both volume-based grid usage revenue and congestion management costs. The establishment of regulatory accounts cushions fluctuations in earnings, which is why this also does not have a significant impact on APG's business activities.

For more information on the effects of COVID-19, see the information provided in the management report.

Notes to the financial statements

Notes regarding assets

A. Fixed assets

For more details, see the separate "Statement of changes in fixed assets".

[1] I. Intangible fixed assets

The net carrying amount of the rights to use plants acquired from affiliated companies amounts to €136.9k (previous year: €227.7k).

[2] II. Tangible fixed assets

The capitalised borrowing costs related to the financing of tangible fixed assets in the years up to and including 1989 for the transmission systems contributed by VERBUND AG in 1999 amounted to €4,544.0k (previous year: €5,071.7k).

[3] III. Long-term financial assets

Disclosures required under Section 238(1)(4) UGB are presented in a separate schedule entitled Disclosures regarding other long-term equity investments in accordance with Section 238(1)(4) UGB.

Changes in equity investments and securities classified as fixed assets can be found in the separate "Statement of changes in fixed assets".

Long-term securities

These primarily consist of shares in Austrian investment funds and loans.

B. Current assets

[4] I. Inventories

€K	2019	2020
Consumables and operating supplies	470.3	488.5

[5] II. Receivables and other assets

€K	2019	2020
Regulatory assets	52,520.6	29,941.2
Local tax offices	48.4	2,092.3
Security deposits	1,178.1	1,198.3
Personnel accounting	194.8	210.1
Relating to social security	77.2	63.6
Other	5,163.4	155.2
	59,182.5	**33,660.6**

Other receivables include income in the amount of €30,096.3k (previous year: €57,684.0k) that will not be realised until after the balance sheet date in accordance with Section 225(3) UGB.

The item "Other" includes receivables of €31.4k from Austria Wirtschaftsservice Gesellschaft mbH (aws) arising from investment subsidies for investments made in the financial year. The investment volume for which an application was submitted pursuant to the COVID-19 Investment Subsidy Act (Covid-19-Investitionsprämiengesetz) is €148.1k.

Regulatory assets were described in the "Accounting policies" section. This line item shows the following changes:

€K	2019	2020
As at 1/1	79,463.6	52,520.6
Addition	14,673.4	16,519.3
Disposal	-41,616.4	-39,098.7
As at 31/12	**52,520.6**	**29,941.2**
of which maturity > 1 year	13,421.8	16,466.9

[6] C. Deferred tax assets

€K	2019	2020
Social capital	18,591.0	18,447.8
Untaxed reserves	-9,934.8	-9,568.7
Other	840.4	-4,723.4
	9,496.6	**4,155.6**

The calculation was based on a tax rate of 25%.

Notes to the financial statements

Notes regarding equity and liabilities

A. Equity

[7] I. Called and paid-in share capital

The subscribed capital amounts to €70,000.0k and is fully paid in and divided into 70,000,000 registered no-par-value shares.

[8] II. Capital reserves

€K	2019	2020
Restricted capital reserves	7,000.0	7,000.0
Unallocated capital reserves	8,383.5	8,383.5
	15,383.5	**15,383.5**

The restricted capital reserves correspond to 10% of subscribed capital.

[9] III. Revenue reserves

€K	2019	2020
Unappropriated reserves	334,129.3	352,590.0
Unappropriated reserves in acc. with Section 906(31) UGB	30,028.6	28,930.4
	364,158.0	**381,520.4**

Effective 1 January 2016, the untaxed reserves recognised in accordance with Section 205 UGB in the version prior to the federal law published in Official Federal Gazette (BGBl.) I no. 22/2015 were reclassified as revenue reserves less 25% deferred taxes in accordance with Section 906(31) UGB.

[10] IV. Net retained profits

Changes in net retained profits are shown below:

€K	
As at 31/12/2019	9,733.9
Distribution of dividends	-9,733.9
Net income	35,526.0
Allocation to revenue reserves	-17,362.4
As at 31/12/2020	**18,163.5**

[11] B. Provisions

1. Provisions for termination benefits

€K	2019	2020
Premium reserve based on actuarial calculations	21,749.4	21,459.3
Taxed portion of provisions	21,749.4	21,459.3

In accordance with Section 14 of the Austrian Income Tax Act (EStG), the provision was transferred in 2002 tax-exempt to a reserve qualifying as taxed (Section 124b(68) EStG).

2. Provisions for pensions and similar obligations

€K	2019	2020
Pension provisions	72,641.9	71,345.5
Of which obligations similar to pensions	29,041.4	29,708.5

Notes to the financial statements

3. Other provisions

€K	2019	2020
Other provisions related to the electricity/grid business		
Regulatory reserves	127,677.4	143,552.1
Grid billing		
Services not yet billed	18,062.4	30,934.8
	145,739.8	**174,486.9**
Other personnel-related provisions		
Premiums	4,515.7	4,847.9
Unused holidays	4,454.9	4,180.3
Anniversary bonuses	2,447.9	2,984.8
Holiday bonus	1,969.6	2,192.6
Funeral benefit	868.1	824.4
Time credits	685.1	771.6
	14,941.3	**15,801.6**
Deliveries and services not yet billed	**91,242.4**	**99,403.3**
	251,923.5	**289,691.8**

At the reporting date, the unbilled services from grid billing include a provision for subsequent billing of congestion management and redispatching by TenneT in the amount of €3,223.5k for the years 2017–2020. In addition, several wind power operators filed claims seeking appropriate compensation for the economic disadvantages incurred as a result of restrictions in wind feed-in. A provision of €260.8k was recognised for this.

Regulatory provisions were described in the "Accounting policies" section and show the following changes:

€K	2019	2020
As at 1/1	120,773.4	127,677.4
Addition	127,677.4	144,245.1
Disposal	-18.5	-1,056.0
Reclassification as a regulatory liability	-120,754.9	-127,314.4
As at 31/12	**127,677.4**	**143,552.1**

[12] C. Liabilities

2. Trade payables

€K	2019	2020
Trade payables	16,258.0	18,287.6
of which maturity > 1 year	509.5	700.1
of which maturity > 5 years	88.7	135.3

3. Liabilities to affiliated companies

€K	2019	2020
Liabilities to affiliated companies	633,041.9	814,117.7
of which financial liabilities	616,227.0	795,299.3
of which trade payables	16,814.9	18,818.4
of which maturity > 1 year	218,500.0	214,000.0
of which maturity > 5 years	376,687.5	564,062.5

5. Other liabilities

€K	2019	2020
Regulatory liabilities	272,306.9	280,837.8
Easement agreements	3,683.6	19,444.7
From taxes	11,656.9	1,360.0
Relating to social security	1,108.2	1,225.5
Payments received as a result of electricity business valuation	0.0	0.0
Other	123.2	691.8
	288,912.9	**303,618.4**
of which maturity > 1 year	66,949.9	58,749.4
of which maturity > 5 years	69,335.3	77,271.1

Other liabilities include expenses in the amount of €282,813.6k (previous year: €274,812.9k) that will be realised after the balance sheet date in accordance with Section 225(6) UGB.

Notes to the financial statements

Regulatory liabilities are described in detail under "Accounting policies". They show the following changes:

€K	2019	2020
As at 1/1	214,449.6	272,306.9
Addition	16,224.1	17,639.7
Disposal	-79,121.7	-136,423.3
Reclassification as a regulatory liability	120,754.9	127,314.4
As at 31/12	**272,306.9**	**280,837.8**
of which maturity > 1 year	66,633.4	57,262.7
of which maturity > 5 years	68,166.7	60,041.7

[13] D. Deferred income

€K	2019	2020
Building cost contributions (financial contributions)	94,774.8	106,879.2
Other		
Investment grants	11,750.9	11,244.5
Prepayments for auctions	1,869.5	1,479.1
Revaluation of securities in accordance with RÄG 2014	1,242.3	995.6
Other	545.2	637.1
	110,182.6	**121,235.4**

Building cost contributions relate to third-party contributions associated with the use of individual facilities.

Deferred income includes €12,802.6k (previous year: €12,303.0k) related to affiliated companies.

In financial year 2020, applications were submitted for the COVID-19 investment subsidy in the amount of €148.1k. Of this figure, €31.4k had already been recognised in the balance sheet at the reporting date.

Notes to the financial statements

Notes to the income statement

[14] 1. Revenue

€K		2019	2020
Revenue from electricity delivery and grid tariff settlement			
Austria	Energy providers	435,367.7	452,137.1
	Industrial customers	6,938.5	3,874.1
	Other customers	49,166.1	45,877.9
		491,472.4	**501,889.1**
EU	Energy providers	110,194.4	74,993.3
	Other customers	1,365.9	1,129.0
		111,560.2	**76,122.3**
Other countries	Energy providers	3,182.6	1,963.5
	Other customers	0.0	19.3
		3,182.6	**1,982.8**
		606,215.2	**579,994.1**
User and management fees			
Austria	Energy providers[1)]	-6,137.2	-800.7
	Industrial customers	91.3	0.2
	Other customers	60.1	171.4
		-5,985.9	**-629.1**
EU	Energy providers[1)]	-2,676.0	-1,555.0
	Other customers[2)]	125,804.1	112,753.6
		123,128.2	**111,198.6**
		117,142.3	**110,569.5**
Other revenue		**6,584.6**	**5,239.6**
		729,942.2	**695,803.2**

[1)] Negative revenue in the EU arises as a result of auction revenue forwarded to the merchant line.
[2)] Other customers in the EU only include the Joint Auction Office (JAO) in Luxembourg, which carry out the auction of marginal capacities for APG.

Notes to the financial statements

[15] 3. Other operating income

€K			2019	2020
a)	Income from the disposal of fixed assets with the exception of long-term financial assets		194.9	288.4
b)	Income from the reversal of provisions		428.7	2,562.8
c)	Miscellaneous			
		Reversal of building cost contributions	7,217.7	7,260.1
		Reversal of investment grants	545.7	538.1
		Other	798.2	982.9
			8,561.6	**8,781.1**
			9,185.2	**11,632.3**

[16] 6. Personnel expenses

€K			2019	2020
a)	Wages		375.3	383.1
b)	Salaries		50,525.1	52,976.1
			50,900.4	**53,359.2**
c)	Social expenses			
		Cost of old age pensions		
		Early retirement benefits, pension payments and similar obligations	3,485.3	3,279.0
		Change in the provisions for pensions and similar obligations	2,111.1	-1,892.4
		Pension fund contributions (including additional funding obligations)	4,466.0	1,392.4
			10,062.4	**2,779.0**
	aa)	Expenses for termination benefits and payments to employee pension funds		
		Termination benefits	1,456.7	1,589.7
		Change in the provision for termination benefits	1,891.0	-449.2
		Premium payments to employee pension fund	478.9	550.7
			3,826.5	**1,691.2**
	bb)	Expenses for social security contributions as required by law as well as income-based charges and mandatory contributions	11,507.7	12,159.3
		Other social expenses	641.0	721.5
			76,938.1	**70,710.2**

Pension fund contributions include payments for defined contribution plans and defined benefit plans. Any obligation to provide additional funding to APK Pensionskasse AG relates exclusively to defined benefit commitments.

Notes to the financial statements

[17] 7. Depreciation and amortisation

€K	2019	2020
Amortisation of intangible fixed assets and depreciation of tangible fixed assets		
Depreciation and amortisation in the financial year	90,455.3	91,953.2
Immediate write-offs of low-value assets in accordance with Section 13 EStG	244.7	648.8
	90,700.0	**92,602.1**

[18] 8. Other operating expenses

€K	2019	2020
a) Taxes not included in taxes on income	369.5	337.0
	369.5	**337.0**
b) Miscellaneous		
Third-party deliveries and services for repair and maintenance	23,046.4	18,766.7
Regulatory costs	11,441.5	11,701.6
Telecommunications services and data services	10,202.3	11,047.1
IT support, electronic data processing	5,662.7	6,274.7
Allocations to other regulatory liabilities	5,424.1	3,909.0
Legal, audit and consulting expenses	3,058.9	3,779.8
Operating costs for buildings, rent and leasing	3,400.0	3,756.2
Temporary staff and personnel secondment	3,094.4	3,450.2
Consumables for offices, operations and maintenance	2,784.9	2,025.0
Advanced training and further education (incl. apprentice training)	1,382.1	1,108.6
Travel expenses	1,851.1	1,029.3
Insurance	280.0	203.4
Miscellaneous administrative expenses	153.4	182.3
Write-downs of and valuation allowances on receivables	9.0	133.3
Other expenses	11,610.1	8,250.1
	83,400.9	**75,617.4**
	83,770.4	**75,954.4**

[19] 16. Financial result

€K	2019	2020
Other interest and similar income		
From affiliated companies	3.1	2.2
Other	22.5	3.5
	25.6	**5.7**
Interest and similar expenses		
From affiliated companies	22,582.9	23,765.4
Interest components for long-term provisions for personnel expenses	1,589.3	779.9
Other	559.7	326.0
	24,731.9	**24,871.2**

Notes to the financial statements

In 2019, write-downs of long-term securities amounting to €1,915.4k were netted against the reversal of deferred income resulting from the reversals of write-downs and reported under the item "Expenses for long-term financial assets and securities classified as current assets".

[20] 18. Taxes on income

€K	2019	2020
From the group parent		
Income tax for the current period	8,115.1	6,092.8
Deferred tax assets		
from social capital	- 2,102.5	143.2
from untaxed reserves	- 551.5	- 366.1
from other	- 167.7	5,563.8
	- 2,821.7	**5,341.0**
	5,293.4	**11,433.8**

With the entry of RÄG 2014 into force, the untaxed reserves were recognised in equity in the carrying amount as at 1 January 2016 less 25% deferred taxes. Deferred taxes were recognised for the first time directly in equity. Deferred taxes will be reversed in line with the gradual reversal of the untaxed reserves.

The item earnings before taxes is reduced by income tax in the amount of €11,433.8k (previous year: €5,293.4k).

Notes to the financial statements

III. Other disclosures

1. Total amount of other financial commitments

€K	Total commitment	2021	2021–2025
Main items			
Rent and lease agreements	[1]	15,055.3	72,239.7
Other (insurance, compensations, fees for usage and operational management)	[1]	3,827.3	16,143.8
Purchase commitments for reserve capacity contracted for congestion management	98,435.2	98,435.2	98,435.2
Purchase commitments for supplies and services	587,664.5	276,351.6	587,664.5
Purchase commitments for energy to cover system losses	117,869.7	117,869.7	117,869.7
Purchase commitment for balancing energy	1,560.6	1,560.6	1,560.6
of which to affiliated companies	[1]	73,775.9	125,837.3

[1] The total commitment cannot be determined because the contractual periods are indefinite.

APG is obligated to provide additional funding to landowners for a limited period of up to ten years after a power line is put into operation if a portion of the developable land is rededicated.

In June 2018, 31 European transmission system operators (including APG) involved in the Cross-Border Intraday Market (XBID) project concluded a contract stipulating indemnification for the 16 power exchanges with respect to third-party claims for damage on the one hand and liability between the transmission system operators on the other. The liability regime provides for a cap on liability wherever possible. However, liability is unlimited where the law does not allow for a limitation on liability.

At the balance sheet date, four employees had a letter of loyalty granting them a higher degree of protection against layoffs. To qualify, an employee must have worked for VERBUND for at least 20 years and be at least 45 years of age.

APG is obligated based on labour-management agreements and contracts to pay pension benefits to employees when they retire if certain requirements are met. The employer is obligated to provide additional funding to the extent that these pension obligations are to be fulfilled by APK Pensionskasse AG. Due to the trend on the financial markets, APK Pensionskasse AG reported an anticipated obligation to provide additional funding in the amount of €0.0k (previous year: €0.0k).

2. Transactions with related parties

As a transmission system operator, APG is obligated under ElWOG 2010 to ensure the balance between generation and consumption for the purpose of operating a secure system as well as to maintain frequency and voltage. Reserve capacity for use in congestion management was contracted from a number of plant operators in 2018, including VERBUND Thermal Power GmbH & Co KG.

Grid services in the form of control power and energy to cover system losses are also purchased from VERBUND AG, VERBUND Hydro Power GmbH, VERBUND Energy4Business GmbH and VERBUND Energy4Flex GmbH.

A contract has been entered into with VERBUND Services GmbH for the billing of services in the areas of IT and telecommunications as well as administrative services.

A contract has been entered into with VERBUND Finanzierungsservice GmbH for the settlement of services relating to the processing of payment transactions and cash management.

In financial year 2020, all agreements entered into with members of the Supervisory Board or any entities closely associated with individual members of the Supervisory Board were formed at arm's length as defined under Section 238(1)(12) UGB. Services were rendered for various companies of the VERBUND consolidated group; these contracts were approved by E-Control Austria.

Notes to the financial statements

3. Number of personnel

Average	2019	2020
Salaried employees	497	535
Apprentices	23	23
	520	**557**

4. Expenses for termination benefits and pensions

€K	2019	2020
Members of the Managing Board	135.1	59.3
Managerial employees	256.7	112.8
Employees	13,497.2	4,298.0
	13,888.9	**4,470.1**

5. Governing bodies of the company

The details regarding the Company's governing bodies (members of the Executive Board and Supervisory Board) are provided before the management report.

The Executive Board comprised two members in the financial year. No loans or advances were paid to the members of the Executive Board.

€K	2019	2020
Remuneration of two members of the Executive Board		
Fixed remuneration	504.9	514.1
Variable remuneration[1)]	389.5	207.6
Total	**894.4**	**721.7**

[1)] Variable remuneration for the respective financial year is paid starting in June of the following year in 14 equal payments because whether or not goals have been achieved can only be determined during the first quarter of the following year. Consequently, the variable components shown are the proportionate variable components paid to the members of the Executive Board in 2020 in respect of financial years 2018 and 2019. Variable remuneration for 2020 will be paid starting in June 2021.

Remuneration for members of the Supervisory Board in the financial year amounted to €52.9k (previous year: €57.7k).

6. Intra-group relationships

The parent company of APG obligated to prepare consolidated financial statements is VERBUND AG, Am Hof 6a, 1010 Vienna.

Austrian Power Grid AG is a member of the parent company's corporate group (as defined under Section 9(8) of the Corporate Income Tax Act (KStG)).

Due to APG's inclusion in the consolidated financial statements of VERBUND AG, Vienna, as well as the corresponding disclosure of expenses for the auditor in the aforementioned consolidated financial statements, this information is omitted in these annual financial statements.

The consolidated financial statements are filed with the commercial register of the Vienna Commercial Court.

7. Influence of the 3rd EU Internal Energy Market Package in Austria

VERBUND has decided to implement the ITO (Independent Transmission Operator) as defined under the 3rd EU Internal Energy Market Package and ElWOG 2010, which entailed stricter unbundling rules, thereby remaining the owner of APG.

APG received ITO certification in a notice issued by E-Control Austria (ECA) dated 12 March 2012. The official designation as an independent transmission operator was announced in the Austrian Federal Law Gazette (BGBl) II 134/2012 on 19 April 2012 by the Austrian Federal Minister of Economy, Family and Youth. In accordance with Section 27(2)(3) ElWOG, the compliance officer began his activities on 1 March 2012.

Business transactions as defined under Section 8(3) ElWOG will be carried out in particular with the following companies:

Notes to the financial statements

Electricity deliveries
VERBUND Hydro Power GmbH, VERBUND Thermal Power GmbH & Co KG, Ennskraftwerke Aktiengesellschaft, VERBUND Energy4Flex GmbH

Grid services
VERBUND Hydro Power GmbH, VERBUND Thermal Power GmbH & Co KG, VERBUND Energy4Business GmbH, VERBUND Wind Power Austria GmbH, Ennskraftwerke Aktiengesellschaft, Österreichisch-Bayerische Kraftwerke AG, Donaukraftwerk Jochenstein AG, KNG-Kärnten Netz GmbH, Energienetze Steiermark GmbH, VERBUND AG

Telecommunications
VERBUND Services GmbH

Managerial services
VERBUND Verfahren Umwelt Management GmbH, VERBUND Services GmbH, VERBUND AG

Financing
VERBUND Finanzierungsservice GmbH, VERBUND AG

Personnel secondments
VERBUND Services GmbH

IV. Appropriation of profits

The Executive Board proposes the following appropriation of profit to the Annual General Meeting:

€K	2020
Net income	35,526.0
Distributable profit	**35,526.0**
Retained profit	17,362.4
Distribution of dividends	18,163.5
Appropriation of profit	**35,526.0**

V. Events after the balance sheet date

No events have occurred after the balance sheet date that would require a separate description in accordance with Section 238(1) no. 11 UGB.

Vienna, 29 January 2021
Executive Board

DI Mag. (FH) Gerhard Christiner

Mag. Thomas Karall

Glossary

EBIT

Earnings before interest (including personnel-related interest) and taxes.

Calculation	
	Operating profit
+	Financial result
–	Interest expense
=	**EBIT**

Notional debt repayment period

Ratio of debt to the surplus funds from ordinary activities.

Calculation	
	Provisions
+	Liabilities
–	Other securities and shares classified as current securities
÷	Surplus funds from current activities
=	**NOTIONAL DEBT REPAYMENT PERIOD**

Gearing

Net indebtedness in relation to equity plus untaxed reserves adjusted for deferred taxes and investment grants.

Calculation	
	Net debt
÷	Equity
=	**GEARING**

Net cash flow

Balance of cash inflows and outflows, usually broken down into net cash flow from operating activities, investing activities and financing activities.

Calculation	
	Net cash flow from operating activities
+	Net cash flow from investing activities
+	Net cash flow from financing activities
=	**NET CASH FLOW**

Net current assets

Current assets (including current loans and current prepaid expenses) less short-term liabilities (including current deferred income).

Calculation	
	Net current assets from operating activities
+	Net current assets from financing activities
=	**NET CURRENT ASSETS (WORKING CAPITAL)**

Glossary

Net debt

Interest-bearing debt less cash and cash equivalents (including securities and shares classified as current securities) adjusted for closed assets and closed liabilities.

Calculation	
	Interest-bearing provisions
+	Interest-bearing liabilities
–	Net balance with closed items
=	**GROSS DEBT**
–	Financial assets
=	**NET DEBT**

APG-ROCE

Return on capital employed according to APG's calculation: result before interest expense (including personnel-related interest) less attributable taxes in relation to the interest-earning capital basis.

Calculation	
	Operating profit
÷	Interest-earning capital basis
=	**APG-ROCE**

ROE

Return on equity: result from ordinary activities in relation to equity plus untaxed reserves adjusted for deferred taxes and investment grants at the beginning of the financial year.

Calculation	
	Result from ordinary activities
÷	Equity as at 1/1
=	**ROE**

ROI

Return on investment: result before interest expense (including personnel-related interest) and taxes in relation to total capital at the beginning of the financial year.

Calculation	
	EBIT
÷	Total capital as at 1/1 adjusted for closed items.
=	**ROI**

ROS

Return on sales: result before interest expense (including personnel-related interest) and taxes in relation to sales (revenue).

Calculation	
	EBIT
÷	Revenue
=	**ROS**

Auditor's Report*)

Report on the Financial Statements

Audit Opinion

We have audited the financial statements of Austrian Power Grid AG, Vienna. These financial statements comprise the balance sheet as of December 31, 2020, the income statement for the fiscal year then ended and the notes.

Based on our audit the accompanying financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Company as of December 31, 2020 and its financial performance for the year then ended in accordance with Austrian Generally Accepted Accounting.

Basis for Opinion

We conducted our audit in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under those regulations and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained until the date of this auditor's report is sufficient and appropriate to provide a basis for our opinion by this date.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the management report and the auditor's report thereon. The annual report is estimated to be provided to us after the date of the auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, as soon as it is available, and, in doing so, to consider whether - based on our knowledge obtained in the audit - the other information is materially inconsistent with the financial statements or otherwise appears to be materially misstated.

Responsibilities of Management and of the Audit Committee for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with Austrian Generally Accepted Accounting Principles, for them to present a true and fair view of the assets, the financial position and the financial performance of the Company and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Company's financial reporting process.

*) This report is a translation of the original report in German, which is solely valid. Publication or sharing with third parties of the financial statements together with our auditor's opinion is only allowed if the financial statements and the management report are identical with the German audited version. This audit opinion is only applicable to the German and complete financial statements with the management report. Section 281 paragraph 2 UGB (Austrian Company Code) applies to alternated versions.

Auditor's report*)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Austrian Standards on Auditing, which require the application of ISA, always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Auditor's report*)

Comments on the Management Report

Pursuant to Austrian Generally Accepted Accounting Principles, the management report is to be audited as to whether it is consistent with the financial statements and as to whether the management report was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the management report in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the management report.

Opinion

In our opinion, the management report for the Company was prepared in accordance with the valid legal requirements and is consistent with the financial statements.

Statement

Based on the findings during the audit of the financial statements and due to the thus obtained understanding concerning the Company and its circumstances no material misstatements in the management report came to our attention.

Vienna, 29th of January 2021

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Stefan Uher mp
Certified Public Accountant

ppa Mag. (FH) Rosemarie König mp
Certified Public Accountant

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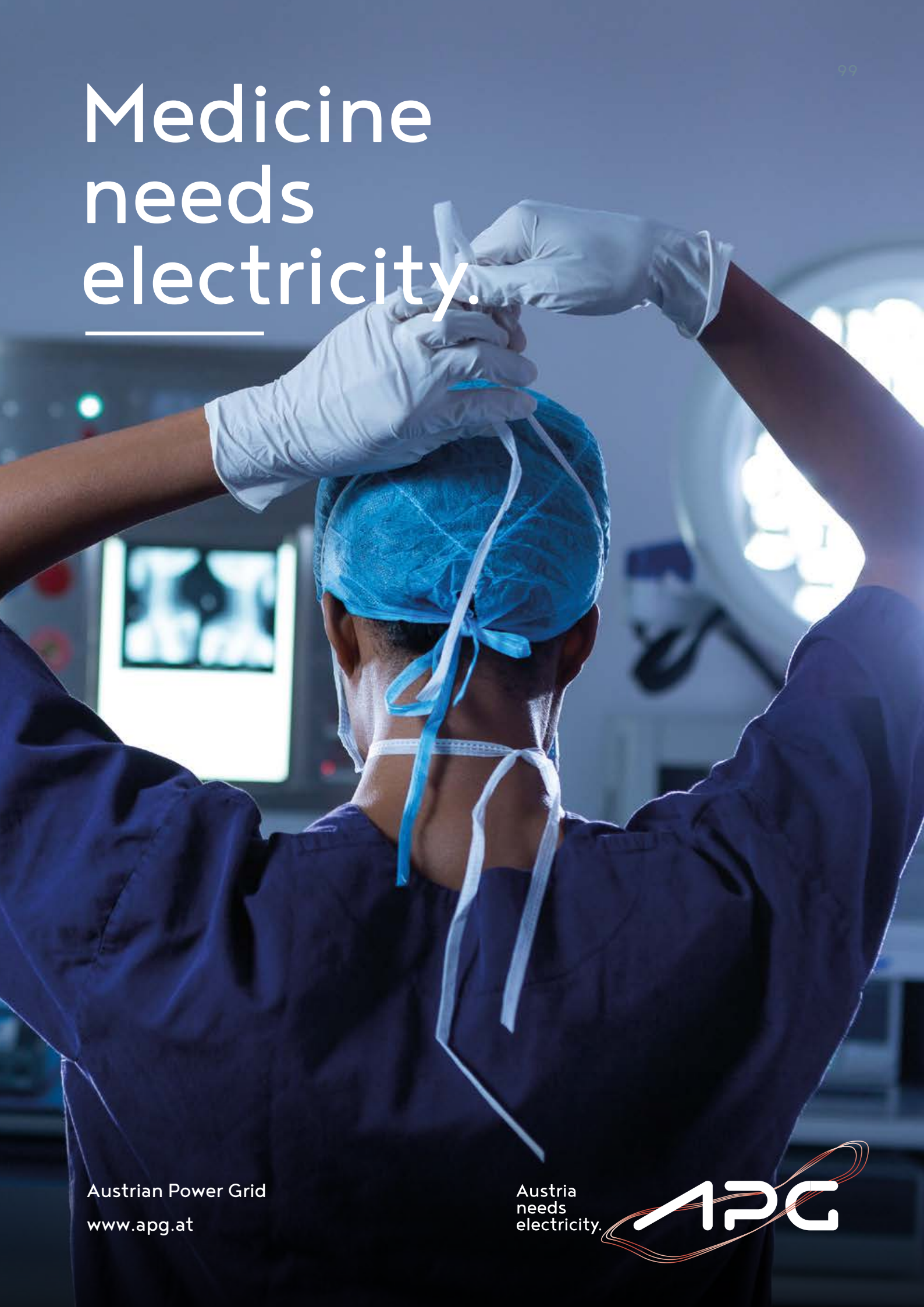
Medicine needs electricity.



Austrian Power Grid

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Austria needs electricity.

APG

Report of the Supervisory Board

During the reporting period, the Supervisory Board performed its duties and exercised its powers under the law and the Articles of Association in four ordinary plenary meetings, four ordinary Working/Audit Committee meetings and one Annual General Meeting. In doing so, it took into consideration the specific statutory provisions (Sections 28-32 ElWOG 2010) applicable to APG as an independent transmission operator (ITO). Due to the nature of APG's activities, a voluntary Audit Committee was set up as defined under the Austrian Stock Corporation Act (AktG). The Working Committee therefore also acts as an audit and emergency committee.

The managing directors of the Executive Board were reviewed by the Supervisory Board on an ongoing basis based on oral and written reports on the course of business and the position of the Company. These reviews did not lead to any objections. The accounting system and financial statements were audited by Ernst & Young GmbH, Vienna. The auditor reported on its findings in writing. The auditor found that the Executive Board had provided all requested information, that the bookkeeping system and the financial statements complied with the legal requirements and give a true and fair view of the Company's financial position and financial performance, and that the management report was consistent with the financial statements.

The Supervisory Board reviewed these annual financial statements prepared in accordance with the Austrian Commercial Code (UGB), for which the auditor issued an unqualified auditor's report, as well as the Executive Board's management report. The Executive Board's management report was approved and acknowledged. The annual financial statements were approved by the Supervisory Board, whereby they are approved in accordance with Section 96(4) AktG.

The Chairman of the Supervisory Board is in regular contact with the Executive Board. In particular, they regularly discuss the performance of the Company, new European developments, operational challenges and progress in infrastructure and maintenance projects. The Executive Board normally met every 14 days. The Chairman of the Supervisory Board and the Executive Board confirm that discussions were held in an open manner, both at the meetings of the Supervisory Board and the meetings of the Working and Audit Committee as well as at the meetings of the Executive Board.

The Supervisory Board would like to thank the Executive Board and all of the Company's employees for overcoming the difficult challenges with which they have been presented.

Vienna, March 2021

On behalf of the Supervisory Board

Dr. Peter F. Kollmann
(Chairman)

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