



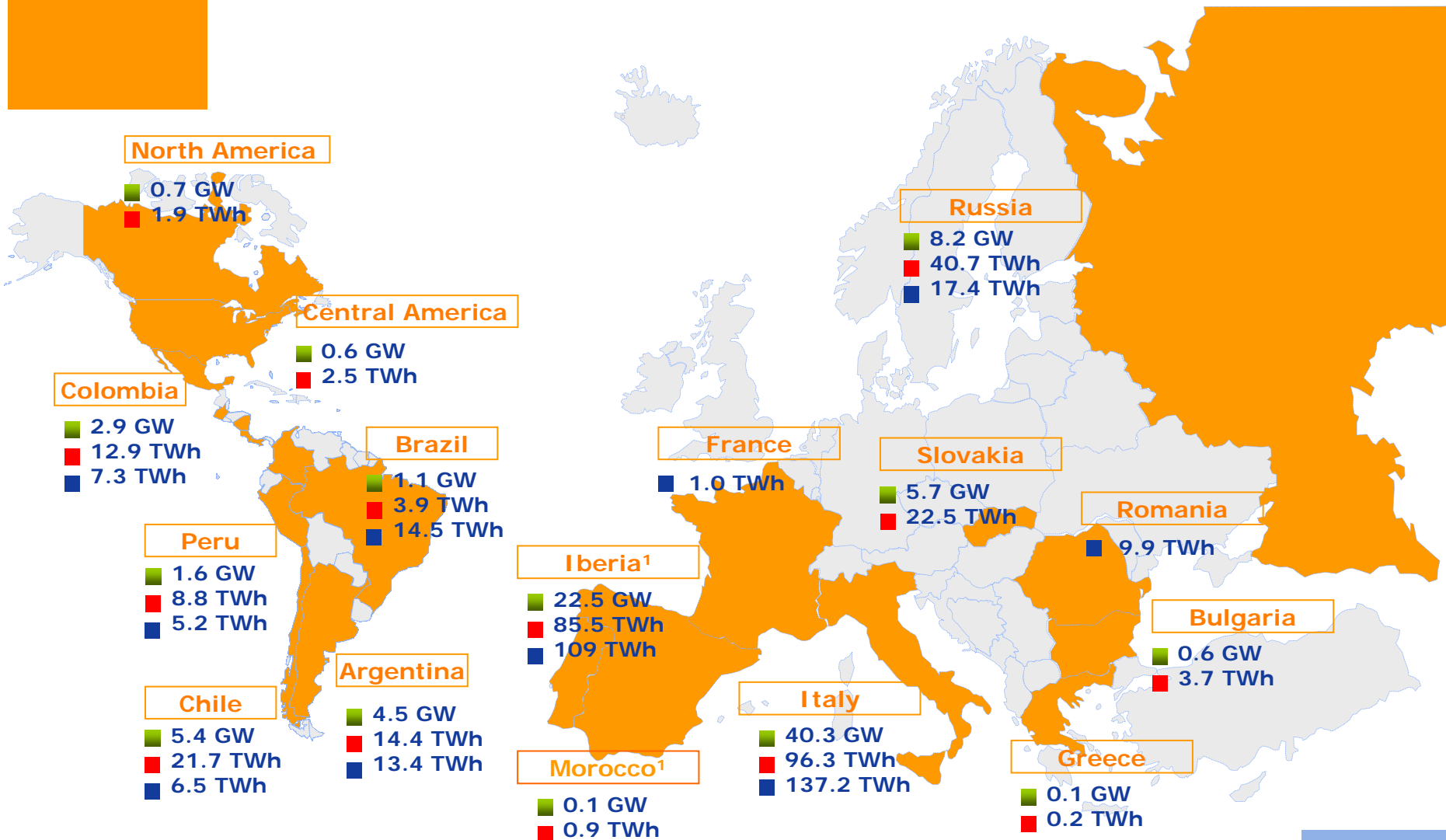
The challenges to the power sector: Enel experience

AEB Meeting
Moscow, 29 September 2009

Giuseppe Deodati
Head of Carbon Strategy
Enel Trade S.p.A.

Group Overview¹

■ 2008 Installed capacity (GW)
■ 2008 Net production (TWh)
■ 2008 Tot sales to final customers (TWh)



An international integrated energy player

1. Updated 31/12/08. Including: 100% Endesa net of the assets to be transferred to Acciona, full year OGG-5 and E. Muntenia Sud production and sales. Excluding January - June 08 production and sales of Viesgo.

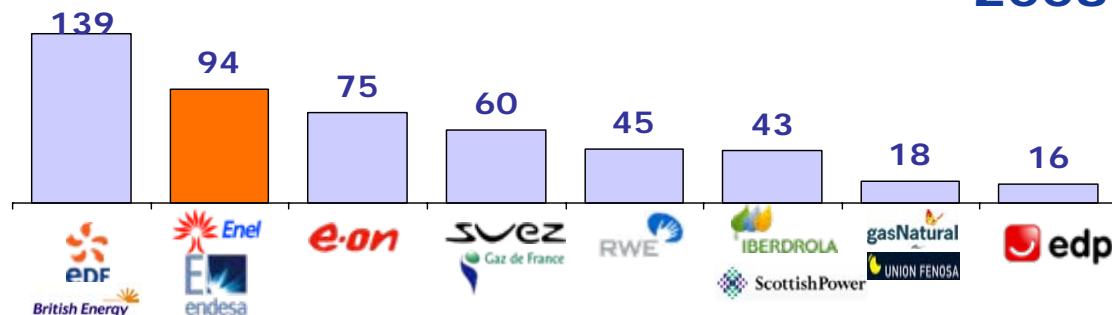


Our competitors and Enel position in Europe

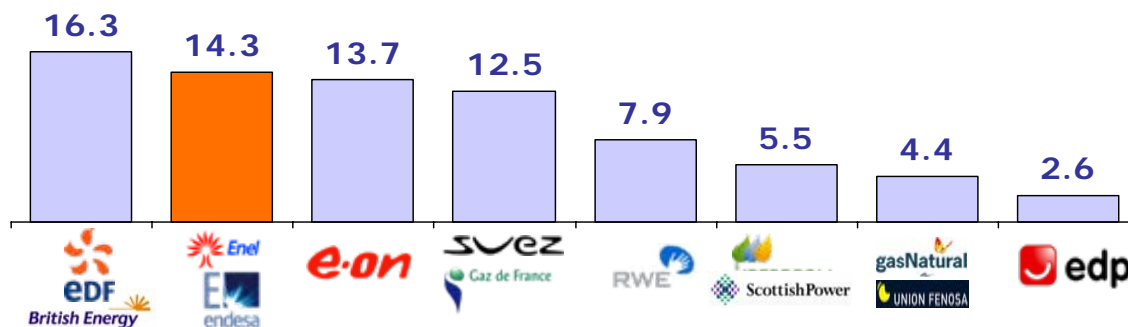
A relevant scale within the European energy landscape

2008

Capacity
(GW)



EBITDA
(€ mld)



2nd largest European player

Group Overview

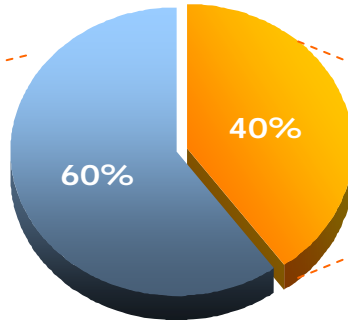
A well balanced business portfolio

2008 EBITDA

- Generation & sales
- Networks

14,318 €mn

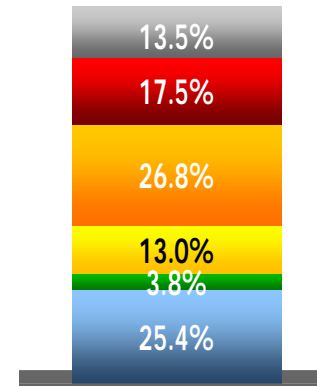
Forward sales and hedging procurement contracts to protect margin



Stability and high visibility

2008 production mix

253.2 (TWh)



FY08

- Other renewables
- Coal
- Hydro
- Nuclear
- Oil & gas
- CCGT

Solid and secured cash flow thanks to regulated business, hedging policies and optimal fuel mix

Group Overview

Key Priorities

2009 – 2013 Plan

- Consolidation and integration

- Leadership in strategic markets

- Operational excellence

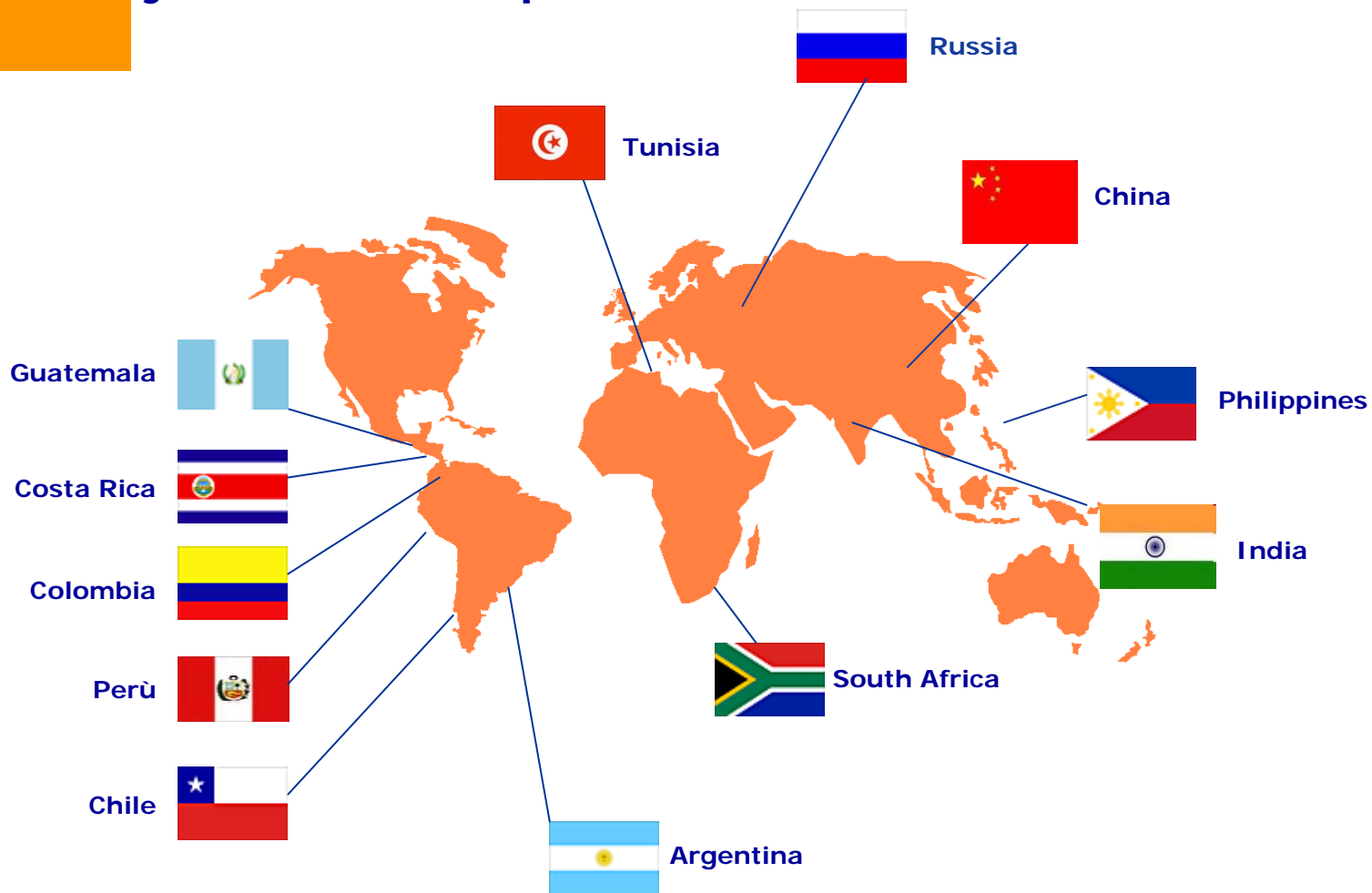
- Renewables and innovation

- Financial stability

Strategy confirmed and well on track

Focus on Carbon Strategy

CDM Projects Enel Group



Enel holds a leadership position on global carbon market

Enel sourcing activities on the CDM market

Objective

Focus on less efficient countries (mainly developing countries) to minimize the compliance cost with equal environmental benefit

Scouting GHGs abatement projects

Negotiation of CERs sourcing contracts

Monitoring projects implementation

Supervision projects approval by United Nations

Monitoring environmental project performance

Activities:



Contractualization of "early stage" projects to maximize benefits



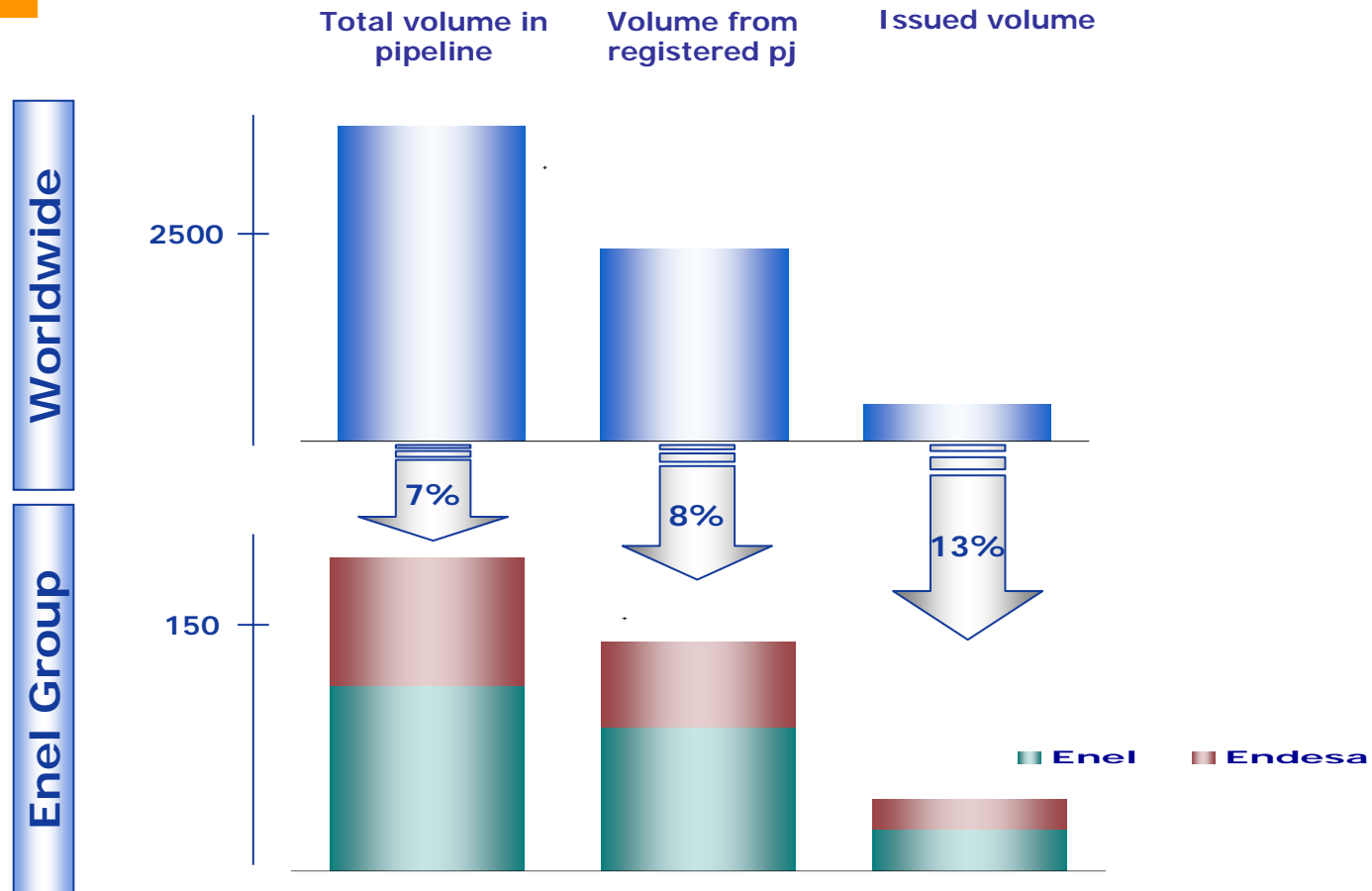
Risks to manage:

- Country
- Implementation
- Performance
- Counterpart
- Approval
- Price/volume

Enel success in carbon market is driven by direct involvement in all value chain

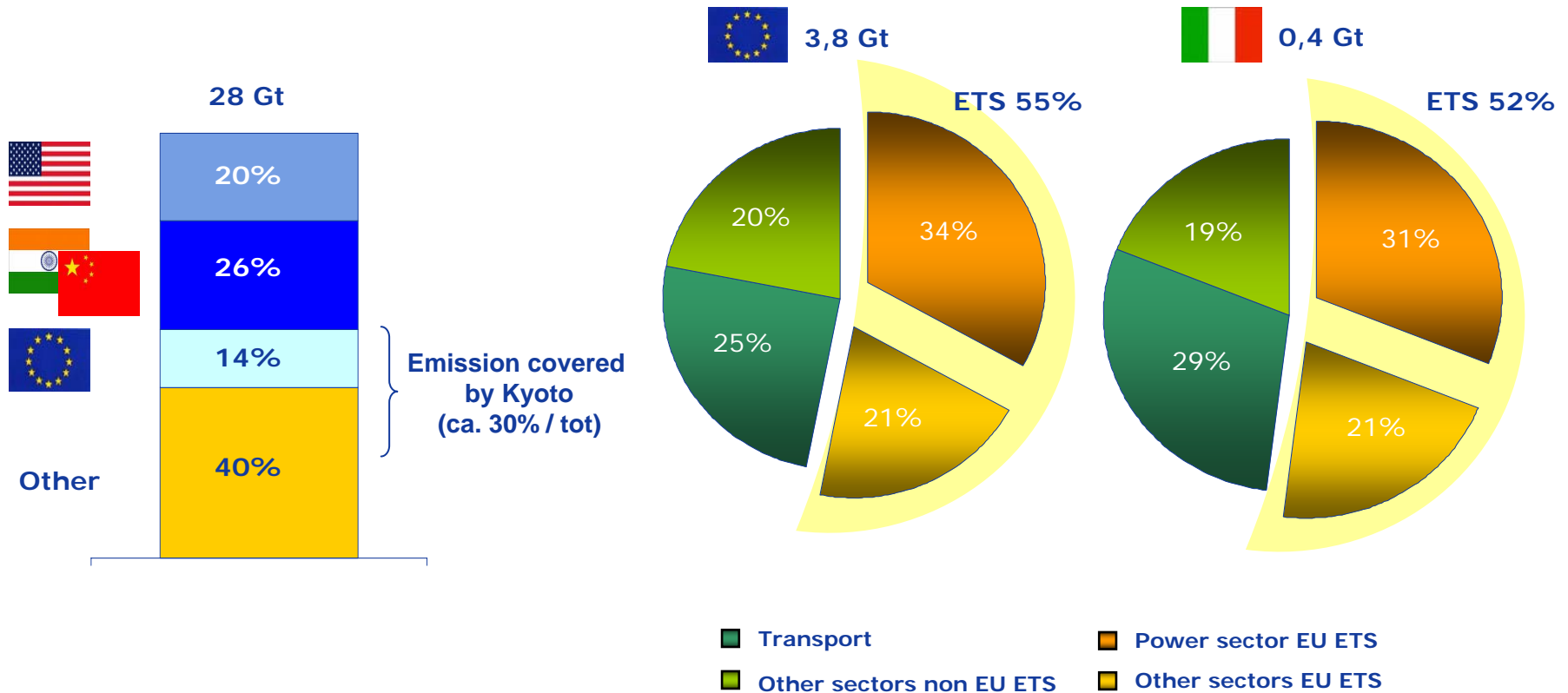
CDM Volume up to 2012: Enel Group vs Total World

Million tons CO₂e



Enel Group CDM portfolio accounts for an important share of the world market

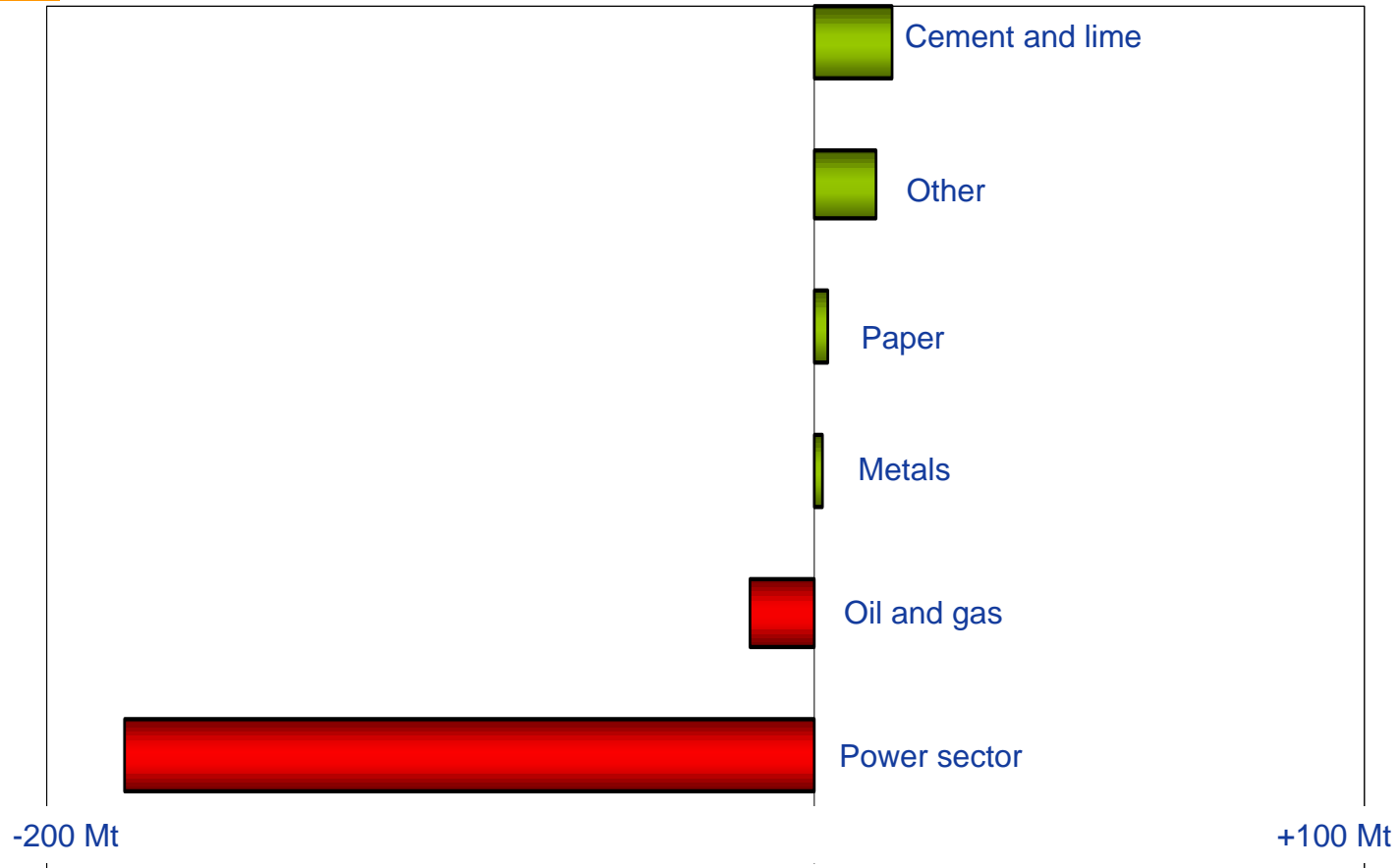
World CO2 emissions breakdown - 2007



Power sector covered by ETS is responsible for less than 5% of global emissions

Emissions-to-cap Italy

Imbalance of positions in PH II (2008-2012)

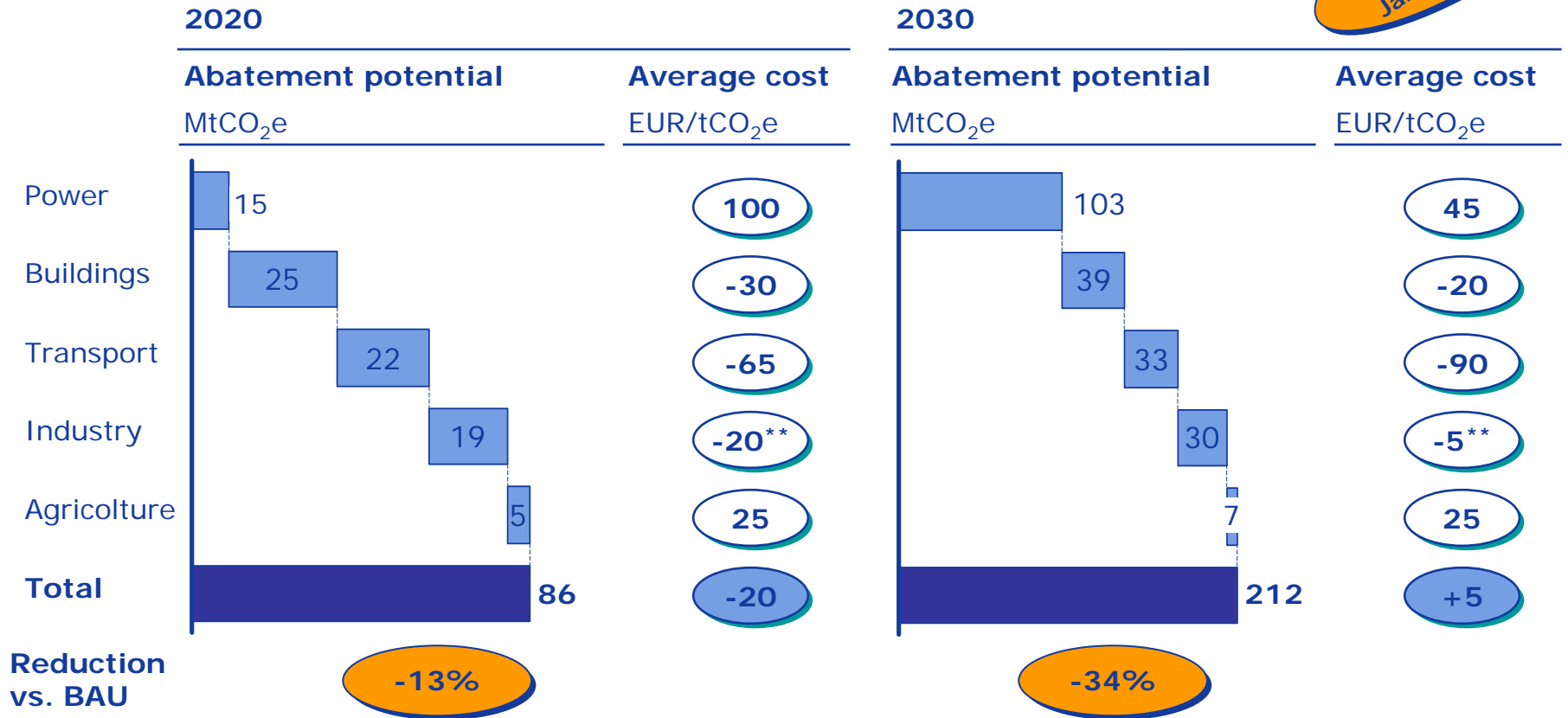


Power sector bears almost the total national deficit

Source: Point Carbon estimate – August 09

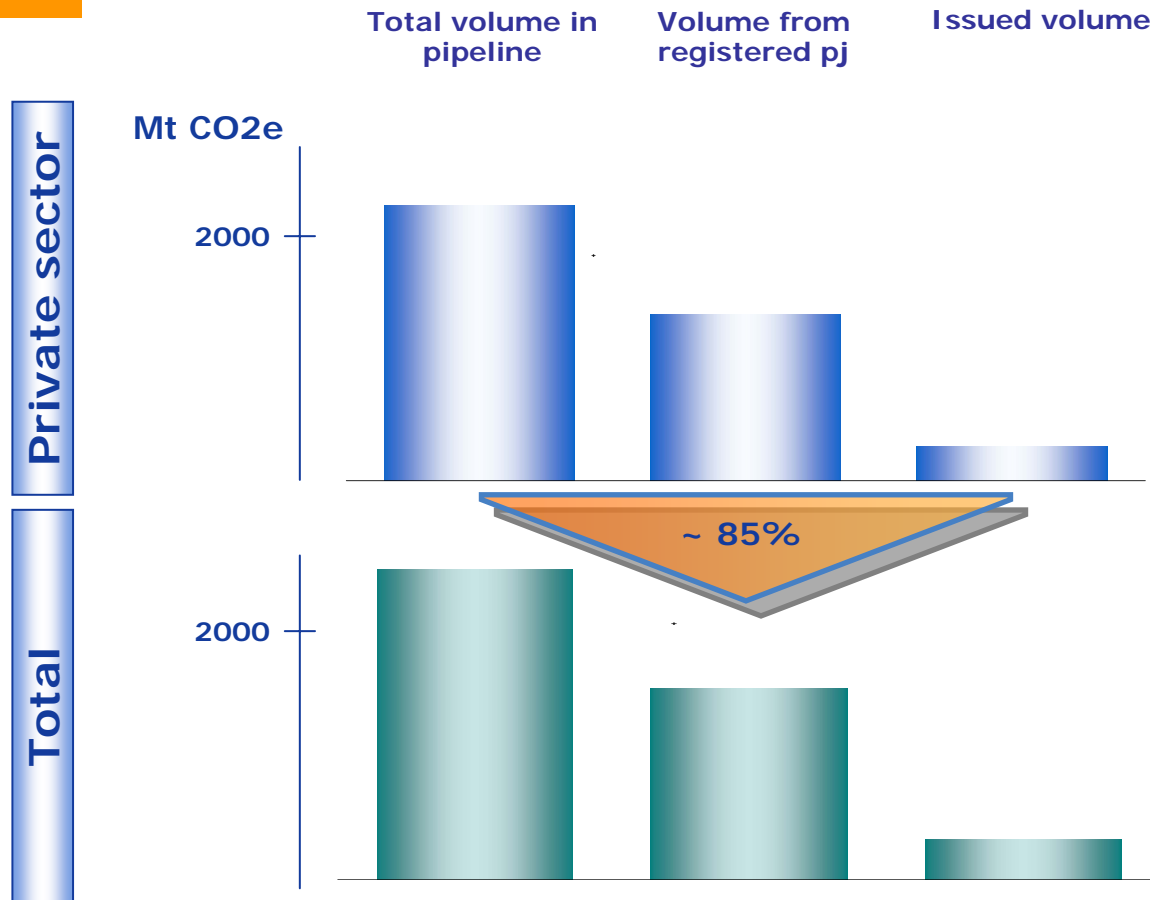
Potential and abatement costs of different sectors

McKinsey study
January 2009



The abatement potential is distributed among different sectors

CDM Volume up to 2012: private sector contribution



Pivotal role of private sector

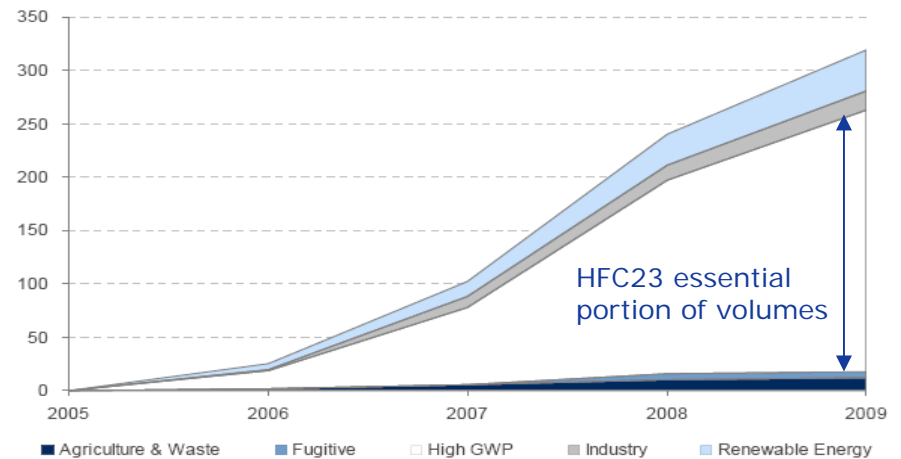
Source: UNEP CDM Pipeline Overview (September 2009), buyers listed as 'Project Participants'
Participation in projects with more than one Project Participant is assumed pro-quota

Flexible mechanism supply (CDM/JI) – CDM has been successful in spite of procedural bottlenecks

Overview CDM projects	
Total current CERs pipeline up to 2012 (nominal volume)	2.789 Mt
Of which registered	1.750 Mt
Of which issued	535 Mt

Total expected emission reductions risk adjusted ~ 1,7 Billion ton

Cumulative CERs issuance by technology (Mt)



Total pipeline overview JI projects	
Total up to 2012 ERUs (nominal volume)	298 Mt
Of which issued	7 Mt

Current criticisms about industrial gases (HFC23, N2O) do not take into account the effectiveness of these technologies in terms of abatement result

Next steps

Milestones for a new global policy on climate change

Involvement of private sector

- Financial incentives
- Liquid, transparent and open markets
- CDM and JI



- Maximization of environmental benefits compared to costs
- Competitive opportunity to accelerate process implementation

Global approach

- Involvement of main sectors and countries (US and DC)
- Links between regional emissions trading schemes through CDM



- Global market commodity
- Market consistency

Long term objectives

- Clear political and regulatory framework with long term objectives



- Allowing for long period investments
- Costs optimization
- Risk management

Technology development

- Technologies with strong abatement potential: ENEF, renewable, nuclear, CCS
- Public measures (i.e. technology-specific financing, administrative simplification)



- Maximization of abatement potential
- Capacity building in DC
- Global sustainable development