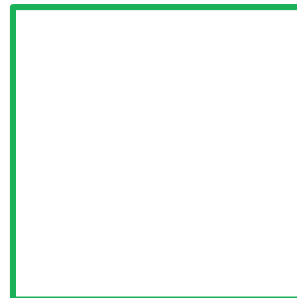


Adapting regulated markets – How far to go with liberalisation?

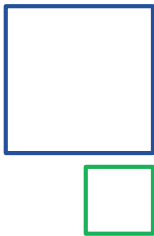
Francesco Venturini
CEO Enel Green Power

Paris, March 24th, 2015



Global leadership in RES development ¹

FY 2014

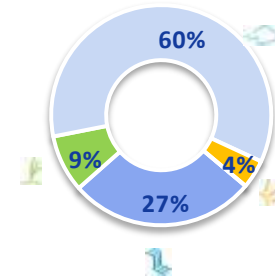


NORTH AMERICA
Capacity: 2,1 GW
Production: 6,7 TWh

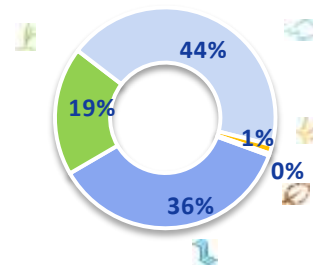
EUROPE
Capacity: 5,8 GW
Production: 20,7 TWh

LATIN AMERICA
Capacity: 1,7 GW
Production: 4,4 TWh

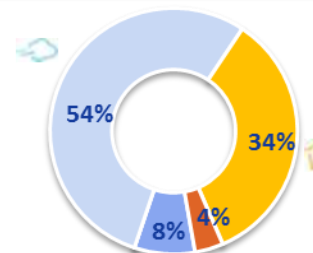
Installed Capacity = 9,6 GW



Production = 31,8 TWh



In execution = 2,0 GW



Geo Hydro Wind Biomass Solar

1. Capacity and production as of December 31, 2014

Evolution of incentive schemes in areas of interest



2010 – EGP Countries

2014 – EGP Countries/Areas of Interest



**16 EGP countries of which
6 Tender/PPA**

**42 EGP Countries of Interest
of which 30 with Tender/PPA**

- Fixed Incentive Schemes (GC, Tariffs)
- Competitive Incentive Schemes (tender/PPA)

Note: analysis based on EGP countries. Remuneration mechanisms refer to RES Utility-scale plants. The following countries are classified based on the remuneration mechanism selected by EGP: Costa Rica, Panama, El Salvador, Mexico. In Brazil also FiTs exist for small hydro projects established under a distributed generation regime and they are currently being phased out

RES Remuneration mechanisms

FIT vs. Competitive mechanisms



PROS

CONS

Feed in Tariffs

eg.:

- ✓ Germany
- ✓ Greece
- ✓ France
- ✓ Turkey

- ✓ Attractive mechanism also for **low-risk investors**
- ✓ Support significantly the **acceleration of the installed capacity**
- ✓ Simple structure, ideal for the mass market. **Eg: Distributed Generation**

- ✓ **Non meritocratic approach**
- ✓ **Mismanagement of tariffs** may lead to an under / over development of RES compared to the objective set
- ✓ **Limited flexibility:** in case of rapid evolution of technology, many changes are required
- ✓ In case of too generous tariffs, **high costs for the system**

PPAs through competitive process

eg:

- ✓ US
- ✓ Brazil
- ✓ South Africa

- ✓ Efficient use of **economic resources**
- ✓ Possibility of setting **specific capacity target**
- ✓ **Meritocratic mechanism** (cheaper and more efficient projects are selected)
- ✓ **Learning effect** for both parties through practice

- ✓ With no prequalification criteria, risk of under-bid and **distortion of the competitive mechanism**
- ✓ Remuneration strongly linked to the **level of competition**
- ✓ Remuneration uncertainty when entering into a new country
- ✓ **Not suitable for small-scale projects**

› **Two different approaches to deploy renewable technologies that impact in different ways the national electricity system**

Investments¹ and Installed Capacity 2010-2014



Investments by Area (€/Bn)¹

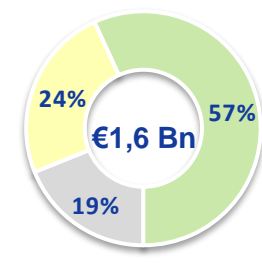
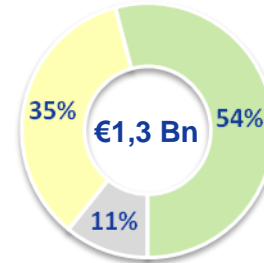
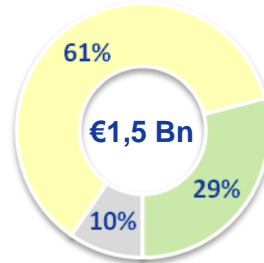
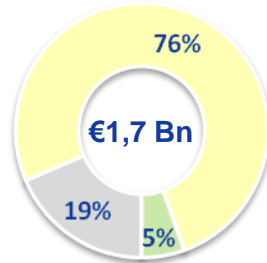
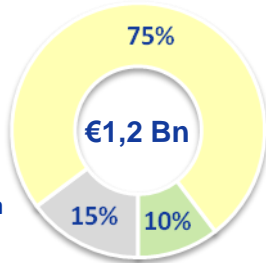
FY 2010²

FY 2011²

FY 2012²

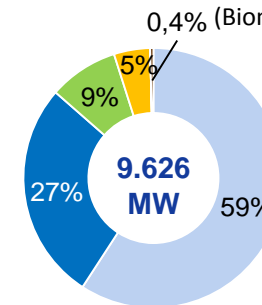
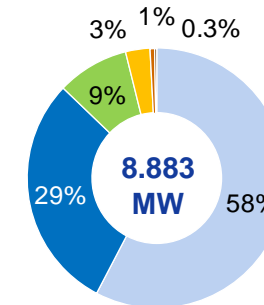
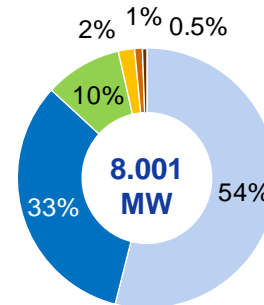
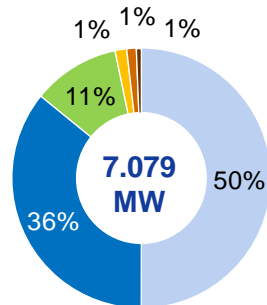
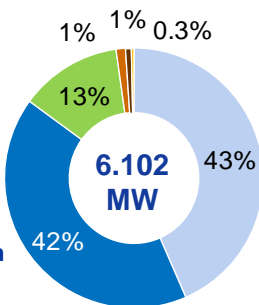
FY 2013²

FY 2014²



Since 2010 over €7,3 Bn of CAPEX, of which €2,2 Bn in New Markets and €1,1 Bn in North America.

Installed Capacity by Technology (MW)



1. Including maintenance capex.
2. Net cash grant

