



Terna Group
Consolidated Interim Financial Report
30 September 2014

Table of contents

- Introduction 4**

- Organisation and reference scenario 4**
 - Terna's commitment, medium- and long-term objectives and strategies.....5
 - Highlights – The results of the first nine months of 20146
 - The corporate structure7
 - Energy Context.....10
 - Legislative and regulatory context.....11

- The business and the Group's capital..... 13**
 - The National Transmission Grid (NTG).....13
 - Electrical energy dispatching.....16
 - Research and Development.....18
 - Personnel.....19

- The Group's Performance 20**
 - Significant events in the third quarter of 201420
 - Economic-financial performance21
 - Sustainability performance34
 - Events subsequent to 30 September 201435

- Declaration by the executive in charge of the preparation of the company's accounting documents in accordance with the provisions of Art. 154-bis, paragraph 2 of Italian Legislative Decree No. 58/1998 36**

- ANNEX..... 37**
 - Italy's regulatory framework.....37

Introduction

This **Consolidated Interim Financial Report of the Terna Group at 30 September 2014**, not submitted for accounting audit, has been prepared in accordance with the provisions of Art. 154-*ter* of Italian Legislative Decree No. 58/98 introduced by Italian Legislative Decree No. 195 of 6 November 2007 (the “Transparency Decree”), as amended by Italian Legislative Decree No. 27 of 27 January 2010. It does not, therefore, contain the disclosure required in accordance with IAS 34.

Organisation and reference scenario

Terna S.p.A., a **company listed** on the Borsa Italiana electronic market since 2004¹, operates mainly in the Italian electricity system (approximately 94% of consolidated revenue derived from activities regulated by the AEEGSI – the Italian Regulatory Authority for Electricity Gas and Water).

Within the industry supply chain – the production, transmission, distribution and sale of electricity – Terna **manages the transmission segment, in the role of Italian TSO (*Transmission System Operator*), a monopoly position through government concession**. The activities performed are regulated by the Italian Regulatory Authority for Electricity Gas and Water (AEEGSI) and the Ministry for Economic Development.

The Terna Group **owns almost all of the National Transmission Grid (NTG) in Italy** and is responsible for the transmission and dispatching of electricity on the High and Very High voltage grid throughout the country, as well as the planning, implementation and maintenance of the grid.

By managing transmission, Terna guarantees the security and quality of the national electricity system, and its cost-effectiveness over time. It ensures equal conditions of access for all grid users. It develops market activity and new business opportunities with the experience and technical skills gained in managing complex systems. It also creates value for its shareholders with a strong commitment to professional best practices and with a responsible approach to the community, respecting the environment in which it operates.

Further protection of the duties of general interest entrusted to Terna as operator of the National Transmission Grid is guaranteed by the presence of the Ministry of Economy and Finance in the Company, through the de facto parent company Cassa Depositi e Prestiti S.p.A. (CDP).

In this regard, on 27 October 2014 CDP transferred to CDP Reti S.p.A., in which the said CDP S.p.A. has a 100% stake, its controlling equity investment in Terna S.p.A., as discussed in detail under “Significant events subsequent to 30 September 2014” in the section “The Group's Performance”.

¹ Terna is one of the leading companies in the country in terms of market capitalisation. Since they were listed on the stock market, Terna shares have more than doubled in price.

Terna's commitment, medium- and long-term objectives and strategies

Conscious of the importance of its service for the functioning of the entire electricity system and of the responsibility towards society in general, Terna has always been committed to creating a relationship of trust with its stakeholders (from the public to its employees), as well as to managing one of the most important resources for the company and for the country's economic system, represented by the National Transmission Grid (NTG).

Compliance with concession requirements is a precondition of Terna's business; the operating risks related to management of the grid – risks of disruption – have always been handled with the utmost care and constantly updated methods and techniques are employed.

More generally, contextual risks and opportunities emerge from Terna's relations with stakeholders. In this context respect for the environment and for local communities – in the overall relations of the organisation with local communities – affect Terna's ability to make the investments provided for in its Development Plan. Also in identifying business opportunities in non-traditional spheres, which is part of the corporate strategy, Terna considers the potential of the territory and trends in the industry, counting on its unique skills and abilities.

2014-2018 Strategic Plan

Terna's Strategic Plan which takes a five-year view, defines objectives, priorities and investments helping the Group to identify the instruments for continuing to create value. To develop the Plan it is essential to identify trends that in the medium and long term could become challenges and provide solutions.

On **25 March 2014** Terna approved the Group's Strategic Plan for the period 2014-2018, which is based on the following guidelines.

- **Traditional Activities:** planned € 3.6 billion investment for maintenance and development of the network;
- **Non-Traditional Activities:** increased commitment of up to € 1.3 billion in the time horizon of the Plan (potential 900 million confirmed, to which the value of business already announced is added);
- **Improvement of margins:** the EBITDA margin will amount to over 79% in 2018;
- **A sound financial structure:** net debt/RAB ratio less than 60% in the years of the Plan;
- **Dividends policy:** dividends policy with advance payment and balance confirmed. Basic dividend envisaged deriving from Traditional Activities, equal to € 0.19 per share, to which will be added the contribution of Non-Traditional Activities (60% pay out of results).

Strategic developments: with reference to the tender procedure for privatisation of the Greek electricity grid, Terna presented a manifestation of interest of the Greek operator Admie and qualified for "Stage B": due diligence is in progress. The offers must be presented by the first of December.

Highlights – The results of the first nine months of 2014

INCOME STATEMENT

Revenue
+3,3%_{yoy}
at 1,448_{€mn}

EBITDA
+0,2%_{yoy}
at 1,135_{€mn}

Net profit
+1,5%_{yoy}
at 418_{€mn}

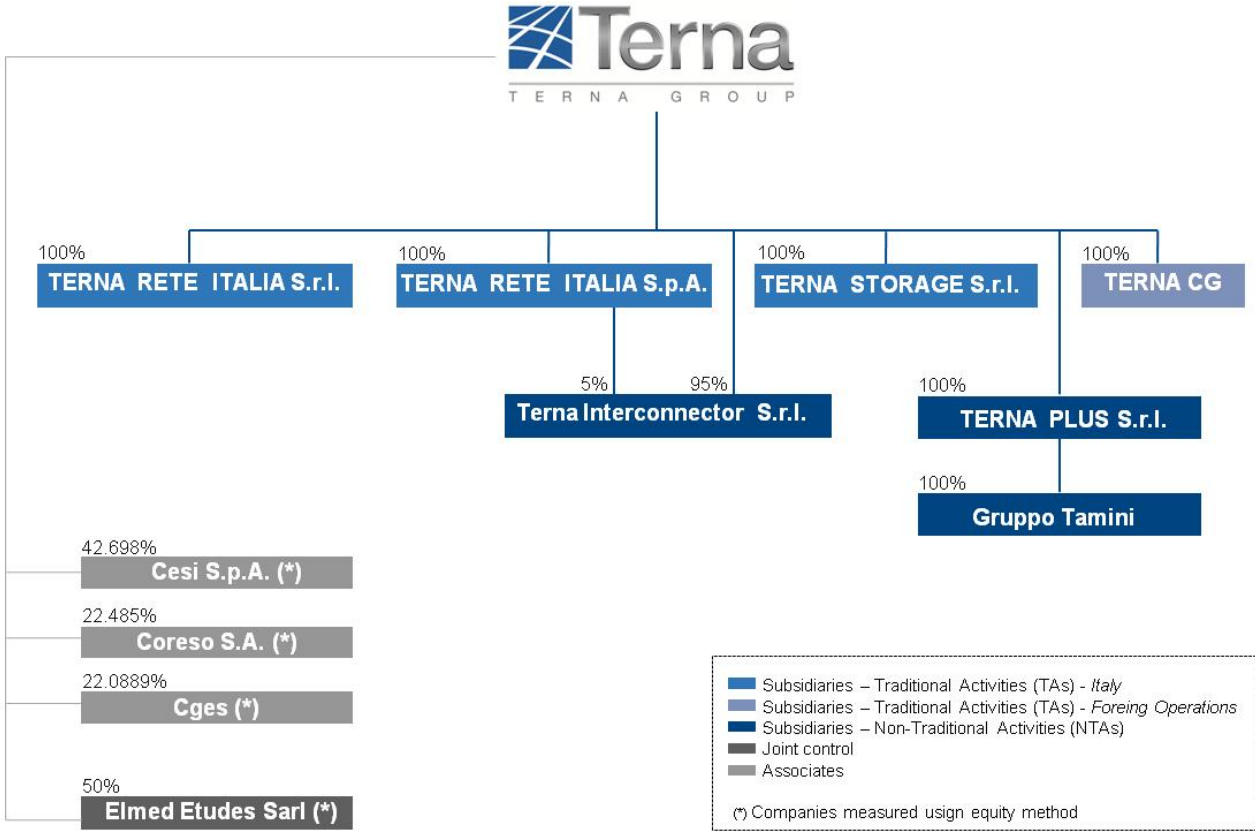
INVESTMENTS AND DEBT

Total investments
652_{€mn}

Net debt
6,688_{mn}
In line

The corporate structure

The corporate structure of the Terna Group at 30 September 2014 is shown below.



Traditional Activities

Terna's **core business** is mainly associated with **Regulated Activities, which constitute the so-called Traditional Activities**. The parent company **Terna** receives remuneration based on the tariff system set by the Italian Regulatory Authority for Electricity Gas and Water, in relation to the two important traditional activities it conducts in Italy: **electricity transmission and dispatching**, both under the concession granted by the Ministry of Economic Development (issued with the Decree of 20 April 2005 of the Ministry of Productive Activities), and maintains **ownership of the capital assets and responsibility for defining the NTG Development Plan and the Defence Plan**.

Subsidiaries:

Traditional activities – National Transmission Grid

- **Terna Rete Italia S.p.A.**
The company *is tasked, within the Terna Group, with performing all traditional operational activities, ordinary and extraordinary maintenance of the section of the NTG owned, management and performance of work on developing the grid* as provided for in the Concession for transmission and dispatching, and on the basis of the provisions of the Development Plan of the Parent company. To this end, with effect from 1 April 2012, Terna Rete

Italia S.p.A. signed a *business unit rental contract with the Parent Company* with consequent ad hoc intergroup contracts for regulating business.

- **Terna Rete Italia S.r.l.**

The Company ***owns approximately 12.1% of the NTG infrastructures***; the design, construction, management, development, running and maintenance of High-Voltage electricity lines fall within its corporate purpose. In this regard we can note that, in July, Terna Rete Italia S.r.l. acquired the business unit Brulli Trasmissione, obtaining ownership of nine NTG stations, as commented on in detail in the paragraph “Significant events in the third quarter of 2014” of the section “Economic and financial performance”.

- **Terna Storage S.r.l.**

The Company is responsible, pursuant to *an ad hoc contract signed with the Parent company*, for ***safeguarding the construction of diffused energy storage systems projects, as well as related coordination, study and research activities***.

Also through Terna Storage S.r.l. the parent company has launched a storage-system programme aimed at *“promoting the dispatching of non-programmable plants”*, in line with the related legislation which provides for the possibility of including it among the works for developing the electricity transmission grids and in the extra-incentive mechanisms established by the Italian Regulatory Authority for Electricity Gas and Water (see Resolutions 43/2013 and 66/2013 of the AEEGSI).

Traditional Activities - Abroad

- **Terna Crna Gora d.o.o.**

The company, founded in Montenegro in 2011, works to ***authorise, construct and manage the transmission infrastructure consisting of the electricity interconnection line between Italy and Montenegro, on Montenegro territory***, as well as promoting or developing new investment opportunities in the transmission sector associated with the construction and management of new interconnection lines between Montenegro and neighbouring countries and of connection infrastructure of renewable energy plants in said countries.

Non-Traditional Activities

Given its experience and the technical expertise it has acquired, the Terna Group develops new activities and business opportunities on the free market through the company **Terna Plus S.r.l.** directly controlled by the Parent Company.

The development of non-traditional business pursues the objective of further enhancing assets held and the parent company Terna's distinctive skills in the creation and management of infrastructures, in particular at High Voltage, in Italy and abroad.

This sphere includes, in fact, some of the extraordinary operations which characterised the first nine months of 2014 and which regarded:

- completion on **20 May 2014** of the operation for acquisition by Terna Plus S.r.l. of the entire capital of **Tamini Trasformatori S.r.l.** and of the companies controlled by the latter: V.T.D. Trasformatori S.r.l., Verbano Trasformatori S.r.l. and Tamini Transformers USA L.L.C.. The Tamini Group operates in the production and sale of industrial and power electricity transformers and owns 4 manufacturing facilities, all situated in Italy, in Legnano, Melegnano, Novara and Valdagno;
- the incorporation on **23 July 2014** by the parent company Terna and the subsidiary Terna Rete Italia S.p.A. of the company **Terna Interconnector S.r.l.** with share capital of € 10,000, subscribed 95% by Terna S.p.A. and for the remainder by the aforesaid subsidiary, delegated in the context of the Group to develop and execute the "Italy-France Interconnector" Project.

signing on 16 December 2013 by Terna and a number of Industrial Federations of a Memorandum of Understanding occurred within this context. This Memorandum regards the construction and management of interconnection infrastructures with foreign countries ("Interconnections or Interconnector") pursuant to Article 32 of Italian Law 99/2009 and also provides a basis for negotiation of future agreements with the parties winning the tender procedures held by Terna in 2009 and 2010.

Energy Context

Energy trend in Italy

Electricity demand in the first nine months of 2014

(GWh = millions of kWh, absolute values and % changes compared with the same period of the previous year).

1 January - 30 September				
	2014*	2013	Change	%
Production				
Hydroelectric	46,210	42,012	4,198	10.0%
Thermoelectric	121,391	135,251	-13,860	-10.2%
Geothermal	4,132	3,975	157	3.9%
Wind power	11,316	11,433	-117	-1.0%
Photovoltaic	19,645	18,033	1,612	8.9%
Net production	202,694	210,704	-8,010	-3.8%
Imported	32,936	31,853	1,083	3.4%
Exported	2,149	1,761	388	22.0%
Export balance	30,787	30,092	695	2.3%
Consumption for pumping	1,684	1,792	-108	-6.0%
Electricity demand	231,797	239,004	-7,207	-3.0%

*Provisional data

Net domestic production amounted to 202,694 million kWh, a change of -3.8% compared to the same period of the previous year. Foreign trade recorded net imports of 30,787 million kWh, an increase of 2.3% compared to the same period of the previous year.

The demand for electricity in the period was 231,797 million kWh, down 3.0% from the same period of 2013. Taking into account calendar and temperature effects, the change in demand for energy came out at -2.0%.

Legislative and regulatory context

With reference to the legislative and regulatory context in which Terna operates, see Annex I "Relevant Italian legislation" of the present section for a more detailed description of the main regulatory measures and main AEEGSI Resolutions relevant to the company, issued in the third quarter of 2014 and, subsequently, up to the date of preparation of the present Consolidated Interim Financial Report.

Other information

Treasury shares

The Parent Company does not hold any treasury shares or shares in Cassa Depositi e Prestiti S.p.A., nor did it acquire or sell any during the first nine months of 2014, either directly or indirectly.

Related-party transactions

Considering that the Parent has been subject to de facto control by Cassa Depositi e Prestiti S.p.A. since 2007, the related-party transactions carried out by the Terna Group during the first nine months of 2014 included not only those with the associates and the employee pension funds (Fondenel and Fopen), but also those with Cassa Depositi e Prestiti and the companies directly or indirectly controlled by the Ministry for the Economy and Finance.

Related-party transactions carried out in the first nine months of 2014 consisted largely of services under the scope of ordinary business and settled at market terms, as is described in greater detail in the Condensed Consolidated Interim Financial Statements at 30 June 2014².

The Parent Company's governance rules ensure that these transactions are carried out in compliance with the criteria of procedural and substantial correctness, with the same terms that would apply to independent counterparties and in accordance with the rules on the transparency of disclosures to the market.

We can note that, during the first nine months of 2014, no significant transactions, that is to say related party transactions identified in compliance with the provisions of Appendix 3 to the "Regulation containing rules on related-party transactions" (adopted with CONSOB Resolution No. 17221 of 12 March 2010, as amended with Consob Resolution No. 17389 of 23 June 2010), were carried out, nor were transactions subject to compulsory disclosures but concluded applying the exclusion established by the Regulation, insofar as they were *"transactions coming under the scope of the ordinary business of the Company's continuing operations or those of its subsidiaries or associates or financial activities related thereto, provided that they were concluded at conditions equivalent to market or standard terms"*.

² Transactions with members of the Board of Statutory Auditors of the Parent Company, and in particular their fees, are detailed in the comments on the "Services" item in the Notes to the Condensed Consolidated Interim Financial Statements at 30 June 2014, to which reference should be made. In addition, implementing CONSOB Resolution No. 18049 of 23 December 2011 in force since 31 December 2011, the disclosure on fees paid to "members of the administrative and auditing bodies, general managers", and on equity interests held by the same, is included in the annual remuneration report published pursuant to law.

Participation in the legislative simplification process adopted by CONSOB Resolution No. 18079 of 20 January 2012

Pursuant to Art. 3 of Consob Resolution No. 18079 of 20 January 2012, Terna has decided to adopt the simplified system contemplated by Arts. 70, paragraph 8, and 71, paragraph 1-*bis*, of CONSOB Regulation No. 11971 of 14 May 1999 and subsequent amendments (Consob Issuers' Regulation), thereby availing itself of the right to waive the requirements to publish disclosure documents prescribed on the occasion of significant mergers, de-mergers, capital increases by contribution of non-cash assets, acquisitions and sales.

The business and the Group's capital

The financial, productive, intellectual and human resources of the Terna Group correspond to various inputs of the business model which are used according to the Group's strategic objectives.

Among Terna's assets, the National Transmission Grid has a primary role.

The National Transmission Grid (NTG)

Number of plants

The number of plants of the parent company Terna at 30 September 2014 compared with the situation at the end of the first half of 2014³ (which reflected the entry into operation of two important power lines for the system, Trino–Lacchiarella and Foggia–Benevento), increased overall by 1 station, 7 bays and 3 three-phase circuits for a total of 2.9 km. Below are the main changes:

Stations

- activation of the new 132 kV Musocco station, equipped with 5 bays;
- creation of 11 new bays, with 2 at 380 kV, 2 at 220 kV, 1 at 150 kV and 6 at 132 kV;
- demolition of 9 bays, composed of 1 at 380 kV, 3 at 220 kV and 5 at 132 kV.

Power lines

- replacement of the 5.0 km, 220 kV Turin Centre–Turin South oil-filled cable connection, with the new 7.5 km Turin Centre–Politecnico, and Politecnico–Turin South extruded cable connections;
- replacement of two 132 kV aerial lines, of 5.3 km, with 3 new cable connections of the same total length;
- creation of 2 new in-out derivations on the same number of 150 kV lines, with no substantial changes in length.

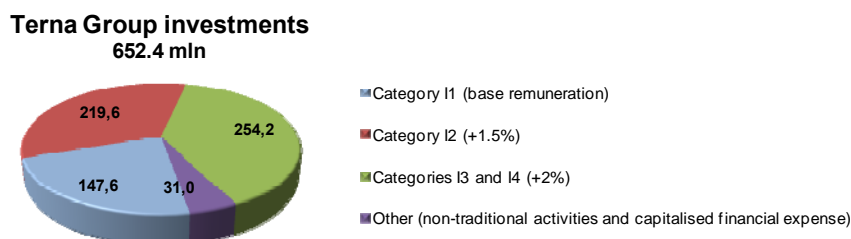
As regards the amount of Terna Rete Italia S.r.l.'s assets, the change compared with the situation at 30 June 2014, largely concerns the stations related to the business unit Brulli Trasmissione acquired on 14 July 2014, as commented on in the section on significant events in the third quarter of 2013, to which the reader is referred. Overall, the number of the subsidiary's plants increased by 9 stations and 34 bays, and in particular with reference to the stations of Cassano d'Adda in Lombardy (5 bays at 380 kV), Vallesaccarda in Campania (6 bays 150 kV), Vizzini and Mineo in Sicily (4 bays at 150 kV each) and also Vicari and Carlentini again in Sicily, Cocullo in Abruzzo, Florinas and Ploaghe in Sardinia (3 bays 150 kV each).

³ The NTG of the Terna Group at 30 June 2014 consisted of 57,648 km of power lines (equivalent to 63,768 km of three-phase circuits), 478 transformation stations (a total of 5,123 bays) and 653 transformers with a total power of 139,702 MVA.

Investments

Total investments made by the Terna Group in the first nine months of 2014 were € **652.4 million**, of which **473.8 million with incentives** from the AEEGSI involving extra remuneration of between 1.5% and 2%.

Below is the classification of the Group's investments, according to remuneration category⁴:



With reference to the main projects ongoing in the period, a brief comment on the stage of progress of the most significant work is presented below:

- **380 kV Sorgente–Rizziconi power line:**

- *power lines/cables:*

- Calabria: construction of the Rizziconi–Scilla power line has been completed and stringing activities are nearing completion; excavation in the Favazzina tunnel continues;
- Sicily: laying of the foundations is close to completion; work continues on mounting pylons on the Villafranca–Sorgente power line, for the stringing and completion of the underground cable section;

- *electrical stations:*

- Calabria: at Scilla the 380 kV armoured section has been completed and work on constructing the second 150 kV section is at an advanced stage;
- Sicily: at Villafranca construction of the civil works has been completed and work is in progress on mounting the armoured 380 kV line and the machinery;

- **Italy–Montenegro Interconnection**

- *cable connection:* final planning activities are continuing and the cable related to the first hub (marine and land section) is in production;
- *conversion stations:* the organisation of the Cepagatti station site has been completed and work has started on the Kotor station;

- **Codrongianos electrical station - Synchronous Condenser:** the first condenser was brought into service and the second condenser is being mounted together with its transformer;

⁴ The investments which are associated with remunerative incentives at 2%, regard actions to reduce congestion between market zones, to increase the foreign interconnection capacity and, only in limited cases approved in advance by the AEEG, to resolve congestion within market zones. The other investments to develop the NTG benefit from an incentive of 1.5%. The incentive category I4 (+2%) is related to investments for developing storage systems.

- **380 kV Udine Ovest–Redipuglia power line**
 - *power lines/cables*: in September work started after the clearing of wartime bombs has been completed; the supplies are being procured;
 - *electrical station*: the civil works are nearing completion while the electromechanical assembly is in progress;
- Restructuring of the **220 kV City of Naples grid**:
 - *power lines/cables*: laying of the Fratta–Gricignano cable has been completed and installation of the joints is in progress; for the further Poggioreale–Secondigliano, Castelluccia–San Sebastiano and Casalnuovo–Acerra connections, final planning work is in progress and the authorisation procedure is being launched;
 - *electrical stations*: installation of a reactor at the Castelluccia electrical station has been completed together with the work on activating the 380 ATR at S. Maria Capua a Vetere;
- Restructuring of the **City of Turin grid**:
 - *power lines/cables*: since May the new 220 kV Politecnico–Pellerina cable connection has been in service; work is in progress for completing construction of the 220 kV Politecnico–Turin Centre, Politecnico–Turin South and Pianezza–Pellerina power lines;
 - *electrical stations*: the new 220 kV Politecnico electrical station is in service;
- **Foggia–Villanova power line**:
 - *power lines/cables*: procurement of supplies continues; after the clearing of wartime bombs was completed work began and since May laying of pylon foundations has been in progress;
 - *electrical stations*: upgrading of an armoured ATR at the Villanova electrical station has been completed, while the activities to expand the 380 kV section are continuing; in the Gissi electrical station building work is in progress for aerial expansion of two bays of the 380 kV section;
- Upgrades of **380 kV power line capacities**:
 - *power lines/cables*: procurement of supplies continues while the stringing of approximately 28 km of line with a new higher-capacity conductor, and the reinforcement of the related pylons and construction of a number of new pylons, have been completed;

Storage systems: these relate essentially to procurement of NGK battery modules for the three sites of Ginestra, Flumeri (work has begun) and Scampitella and delivery of the modules to the Codrongianos and Ciminna sites.

Furthermore, during the period the **380 kV Foggia–Benevento II power line** came into operation in provisional mode, while the **Trino–Lacchiarella connection** was completed.

The main actions relating to non-traditional activities largely regard variants for third-parties.

Investments in intangible assets consisted essentially of software-development work.

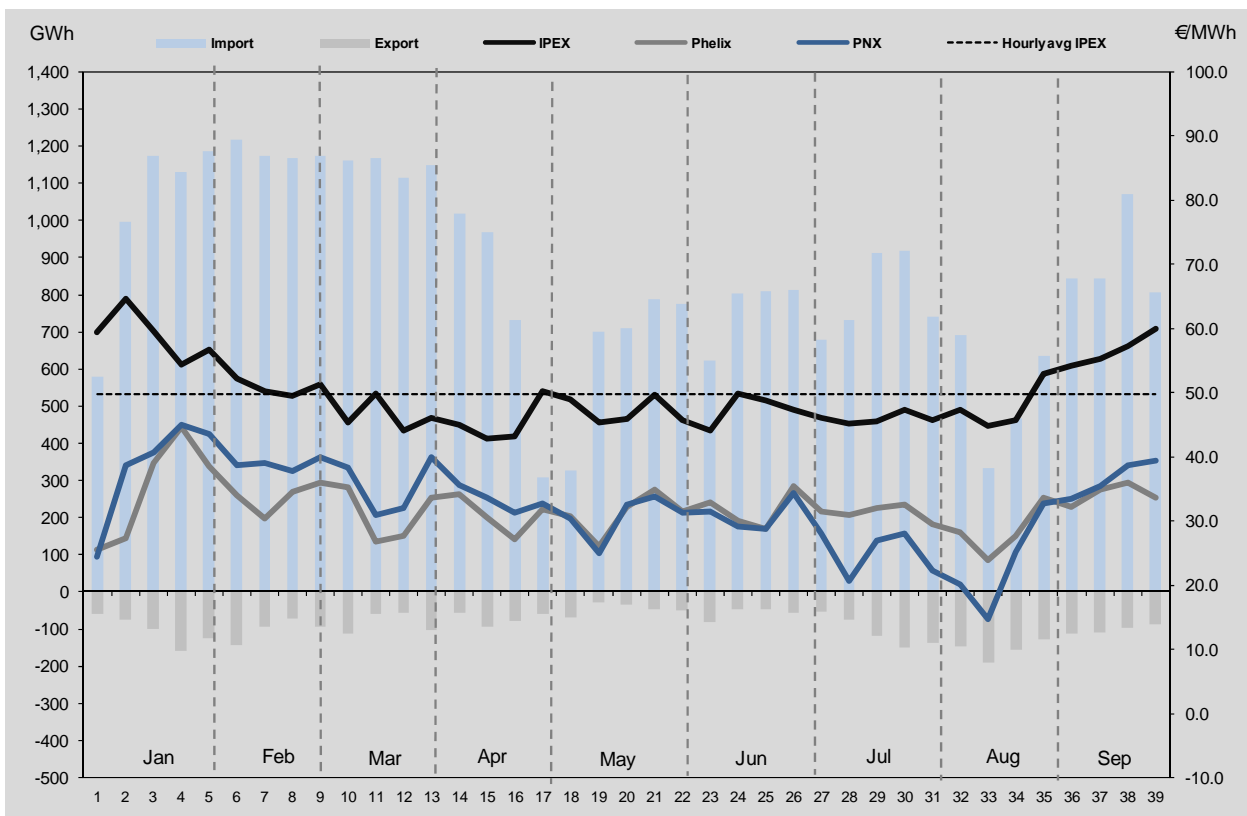
Electrical energy dispatching

As described in the paragraph “Energy Context” in the first section of the document, in the first nine months of 2014 demand for electricity was 231,797 million kWh, met in part with net national production (202,694 million kWh) and for the excess with net imports from abroad (30,787 million kWh). Demand peaked – at 51,550 MW – on 12 June at 12 a.m..

The hourly average **price on the Italian energy exchange (IPEX/PUN)** for the first nine months of 2014 was 49.8 €/MWh (-20% compared with the same period of the previous year) again on average higher than on the other European exchanges:

- French price (PNX): 32.5 €/MWh (-22%);
- price on the German energy exchange (EEX/PHELIX): 32.1 €/MWh (-15%).

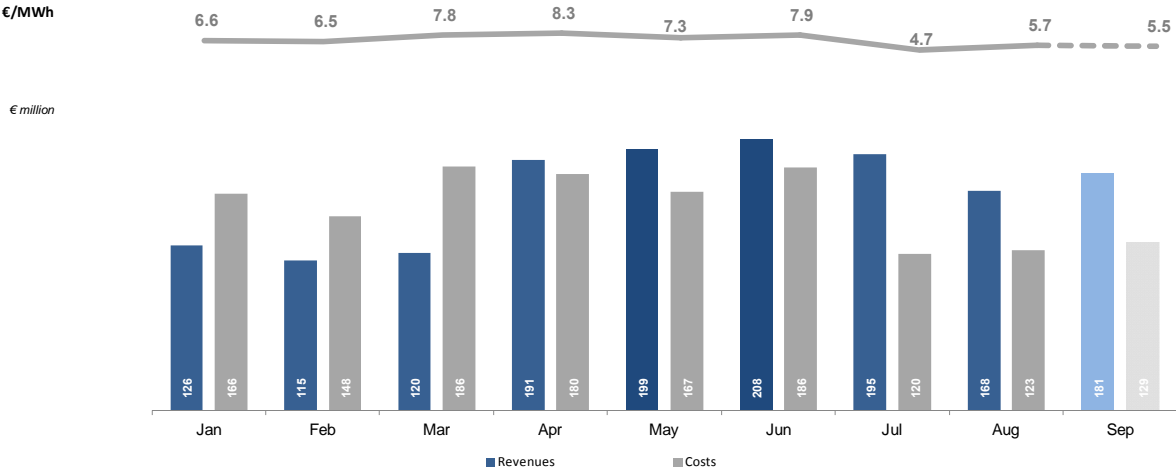
The trade and the weekly average prices of the first half of 2014 are presented below.



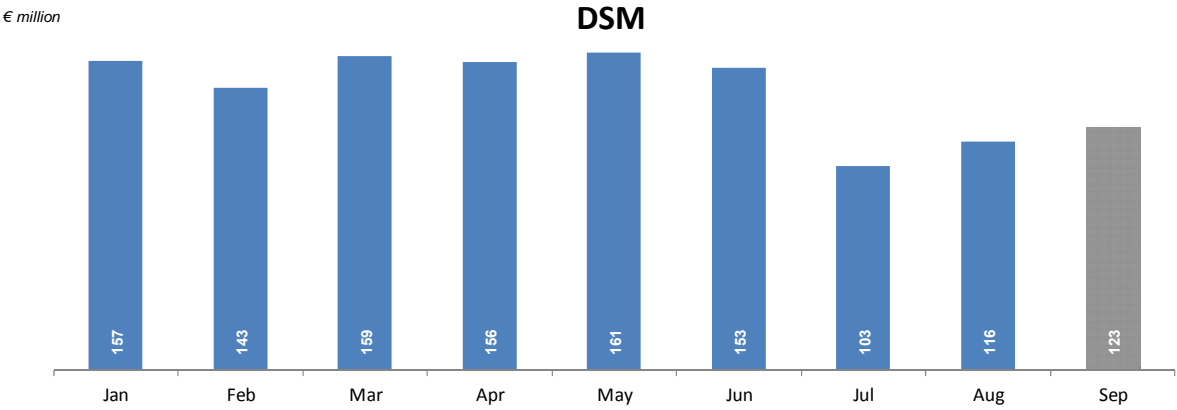
Note: The week start/end on the graph is Mon/Sun

The **Fee for provisioning of resources on the Dispatching Services Market** (known as **Uplift**), pursuant to AEEGSI Resolution No. 111/06 Art. 44 and subsequent amendments, represents the net expense associated with the following energy-related items: purchases and sales on the Dispatching Services Market (DSM), spot and forward (the latter representing premiums of contracts signed as an alternative to declaration of essentiality), remuneration of plant goodwill on the DSM (goodwill token), imbalances, congestion earnings and related financial hedges, virtual interconnection service (Interconnector) and other smaller items. This price is invoiced pro-rata to users of the dispatching on the energy withdrawn, to cover the envisaged accruing monthly cost and the prior differences.

In the first nine months of 2014 the **total cost was € 1,405 million**⁵, in line with the same period of the previous year. The graph below also shows the revenue from invoicing the uplift (“Revenues”) and the related final cost (“Costs”) also in terms of a monthly unit price.



With reference to purchases and sales on the **Dispatching Services Market**, in the period January-September 2014, **Terna procured resources for a net cost of € 1,271 million**⁵, slightly down (-2%) compared to the same period of the previous year; this decrease was due both to a volume effect (less resources procured in conditions of low load and/or high renewables), and to a price effect (reduction of the price gap between price to rise and price to fall on the DSM).



⁵ Provisional data for September.

Research and Development

To introduce new technological and systems solutions, new instruments and methods aimed at improving the reliability of plants and, therefore, service quality, Terna mainly uses in-house technicians who base their work on the careful monitoring and performance analysis of equipment and plants. The Group also makes use of the specialist support of manufacturers, the collaboration of Universities, of RSE S.p.A. (Ricerca Sistema Energetico) and of CESI S.p.A., a specialised services company in which it holds a stake of 42.698%.

In particular, in the first nine months of 2014 the Terna Group incurred costs of € 8.7 million in respect of the associate CESI S.p.A., of which € 7.5 million were capitalised.

Studies for innovation and development of new engineering solutions mainly centre around three themes:

- ***Optimisation of infrastructure and materials***

Activities continue aimed at designing pylons with reduced visual impact and which are more easily integrated into the surrounding environment; as well as researching conductors able to boost the transmission capacity of existing overhead lines; and developing new technology for High-Voltage cables.

In the first nine months of 2014 the following activities were carried out:

- engineering of new single-stem supports with a lattice pylon structure in 380 kV double three-phase circuit;
- research on HTLS (High Temperature Low Sag) conductors, capable of withstanding higher temperatures without suffering mechanical degradation during operating life;
- start of collaboration with other utilities (ACEA and ENEL Distribuzione in particular) for a study which will assess the use in transformers of vegetable insulation fluids (organic esters) – characterised by high biodegradability and high flash point – as an alternative to insulating oils.

- ***New equipment and plant configurations***

Research is focused on developing and implementing compact rapid-installation stations. After a positive trial run with the 150 kV Compact Rapid Installation Station, a similar project has been planned for 380 kV, the viability of which has been confirmed by the manufacturers.

- ***Plant safety and the environment***

The aim of research is to guarantee greater levels of safety at plants and in the surrounding area in the event of external, potentially dangerous events such as fires, earthquakes and extreme environmental conditions.

For the first nine months of 2014 we can note:

- for stations: the completion, in collaboration with Roma Tre University, of a study on the seismic vulnerability of the plants, an area in which Terna has obtained a patent for the Wipe - Rope TRI system: the effectiveness tests performed in the laboratory demonstrated, at equal exerting forces, a 50% reduction in structural stresses. In the current year the plan to install the technology in stations located in sites with a high seismic risk started and was 90% completed, and the assessment of implementation in sites with medium risk is in progress;

- for aerial lines: we can note in particular the launch of an installation campaign in northern Italy of the anti-rotation device for overhead conductors, able to counteract the formation and growth of "sleeves" of wet snow.

Personnel

At 30 September 2014, the employees of the Terna Group numbered at 3,823 and included 370 employees acquired with the Tamini Group on 20 May 2014, as commented on in the paragraph "The corporate structure" of the section "Organisation and context in which the Group operates".

Details of the composition of Terna Group employees at the end of the period are shown below:

Change in the workforce*	at 30.09.2014	at 31.12.2013	Change
Senior management	70	62	8
Junior management	541	501	40
White-collar workers**	2,028	1,925	103
Blue-collar workers	1184	957	227
Total	3,823	3,445	378

* The figures, for both periods of reference, do not include retirements with effect from 30 September 2014 and 31 December 2013, respectively.

** Includes the white-collar workers of Terna Crna Gora with local contracts (Montenegro).

Without taking into account the Tamini employees, the number of personnel at the end of the period showed an increase of 8 employees compared with 31 December 2013.

The breakdown by company of the number of employees at 30 September 2014 is illustrated in the table below:

At 30.09.2014	Terna S.p.A.	Terna Rete Italia S.p.A.	Terna Plus S.r.l.	Terna Storage S.r.l.	Tamini Group	Terna Crna Gora d.o.o.	Group Total
Senior management	26	35	2	-	7	-	70
Junior management	143	372	7	3	16	-	541
Office staff	212	1,688	2	2	121	3*	2,028
Production workers	-	958	-	-	226	-	1,184
TOTAL	381	3,053	11	5	370	3	3,823

*Local employees.

The Group's Performance

Significant events in the third quarter of 2014

Below are the main significant events of the third quarter 2014.

The business unit Brulli Trasmissione moves to the subsidiary Terna Rete Italia S.r.l.

On **14 July 2014** the subsidiary Terna Rete Italia S.r.l. acquired the business unit Brulli Trasmissione, after a bankruptcy auction procedure organised by the Court of Reggio Emilia. As part of the business unit, the ownership of 9 Brulli Trasmissione NTG stations (for a value of € 11.1 million) covered by specific leasing contracts, was transferred to the subsidiary, along with an electrical station under construction at the Cassano d'Adda site (for a value of € 2.2 million) and the warehouse (for a value of € 1.5 million), in addition to the related contractual relationships.

The purchase price of the business unit, fully paid, was € 3.7 million.

Incorporation of the company Terna Interconnector S.r.l.

As part of the process of carrying out the Group's Non-Traditional Activities, with particular reference to the creation and management of infrastructures for interconnection with other countries, on **23 July 2014** the parent company Terna and the subsidiary Terna Rete Italia S.p.A. incorporated the company **Terna Interconnector S.r.l.** with share capital of € 10,000, subscribed 95% by Terna S.p.A. and the remainder by the aforesaid subsidiary.

The purpose of the new company is to design, create, manage, develop, operate and maintain, also on behalf of third parties, lines and network structures and other related infrastructures, plants and equipment functional to the said activities in the sector of electricity transmission or in analogous, related or connected sectors. Terna Interconnector may also carry out research, and provide advice and assistance in the sectors listed above, as well as any other activity that enables better use and enhancement of the grids, structures, resources and skills employed.

Economic-financial performance

In order to present the performance of the Terna Group and to analyse its financial position, financial schedules have been prepared. These are not subject to independent auditing. These reclassified tables contain alternative performance indicators, which management considers useful for monitoring Group trends, and representative of the economic and financial results produced by the business. The criteria used for the construction of such indicators (pursuant to Recommendation CESR/05-178b) are the same as those used in the annual disclosure.

Scope of consolidation

As illustrated in the section “Organisational structure”, the change in the Terna Group's scope of consolidation compared with the situation at 31 December 2013 regards the acquisition, during the first half of 2014, of the **Tamini Group** companies and the incorporation, on 23 July 2014, of the company **Terna Interconnector S.r.l.**, owned 95% by the parent company Terna and 5% by the subsidiary Terna Rete Italia S.p.A..

The Income Statement of the first nine months of 2014 therefore reflects the results of the Tamini Group's economic operations starting from the acquisition date of 20 May 2014, while the company Terna Interconnector, as it is still in the start-up phase, incurred only the incorporation expenses.

Basis of presentation

The measurement and recognition criteria applied in this consolidated interim financial report are consistent with those adopted in the consolidated financial statements at 31 December 2013.

For the purposes of better comparison some economic balances have been reclassified, but without altering the amounts of the result for the first nine months of 2013.

We should also note that the accounting for the assets and liabilities acquired with the Tamini Group, with particular reference to property, plant and equipment, must be considered still provisional at the date on which the present document was prepared, because the activities for definitive allocation of the price paid to the net assets are still in progress according to the methods and timeframes provided for in IFRS 3 – *Business combinations*.

Economic results

During the first nine months of 2014, in consideration of the operating context and the relevant legislative and regulatory aspects described in the previous paragraphs as well as the extraordinary operations completed during the period, the Terna Group continued its business in line with the indications of the **2014-2018 Strategic Plan**.

The Terna Group's economic results for the first nine months of 2014, compared with the same period of the previous year, are summarised in the operating Income Statement below.

Q3				1 January - 30 September				
2014	2013	Δ	Δ%	€ million	2014	2013	Δ	Δ%
Revenues:								
422.1	422.0	0.1	0.0%	- Transmission Fee	1,238.7	1,241.8	-3.1	-0.2%
30.2	29.6	0.6	2.0%	- Dispatching Fee	87.7	84.8	2.9	3.4%
40.0	25.6	14.4	56.3%	- Other operating revenue	103.4	57.6	45.8	79.5%
3.3	2.1	1.2	57.1%	<i>of which other revenue from Traditional Activities</i>	15.8	13.6	2.2	16.2%
36.7	23.5	13.2	56.2%	<i>of which revenue from Non-Traditional Activities</i>	87.6	44.0	43.6	99.1%
5.5	5.2	0.3	5.8%	- Revenue from construction of assets in concession ⁶	17.9	17.0	0.9	5.3%
497.8	482.4	15.4	3.2%	Total revenue	1,447.7	1,401.2	46.5	3.3%
Operating expenses:								
57.6	39.1	18.5	47.3%	- Personnel expenses	161.4	139.5	21.9	15.7%
31.7	25.8	5.9	22.9%	- Services, leases and rentals	89.9	82.7	7.2	8.7%
15.4	3.0	12.4	413.3%	- Materials	30.0	7.8	22.2	284.6%
5.3	8.5	-3.2	-37.6%	- Other expenses	13.7	21.2	-7.5	-35.4%
5.5	5.2	0.3	5.8%	- Costs of construction of assets in concession ⁶	17.9	17.0	0.9	5.3%
115.5	81.6	33.9	41.5%	Total operating expenses	312.9	268.2	44.7	16.7%
382.3	400.8	-18.5	-4.6%	EBITDA (GROSS OPERATING PROFIT)	1,134.8	1,133.0	1.8	0.2%
108.3	108.6	-0.3	-0.3%	Amortisation, depreciation and impairment	343.4	322.3	21.1	6.5%
274.0	292.2	-18.2	-6.2%	EBIT (OPERATING PROFIT/LOSS)	791.4	810.7	-19.3	-2.4%
-35.5	-28.2	-7.3	25.9%	- Net financial income (expense)	-99.8	-70.9	-28.9	40.8%
238.5	264.0	-25.5	-9.7%	PROFIT/LOSS BEFORE TAXES	691.6	739.8	-48.2	-6.5%
94.7	116.1	-21.4	-18.4%	- Income taxes for the period	273.8	328.2	-54.4	-16.6%
143.8	147.9	-4.1	-2.8%	NET PROFIT FOR THE PERIOD	417.8	411.6	6.2	1.5%
143.8	147.9	-4.1	-2.8%	- Attributable to owners of the Parent	417.8	411.6	6.2	1.5%

In the first nine months of 2014, the Terna Group achieved **revenue of € 1,447.7 million**, relating to the Parent Company for € 1,256.2 million and to the subsidiary Terna Rete Italia S.r.l. for € 142.9 million, an increase of € 46.5 million compared with the same period of the previous year (+3.3%).

⁶ Recognised pursuant to IFRIC 12 "Service Concession Arrangements".

This increase was mainly due to **Non-Traditional Activities** (€ +43.6 million) essentially for revenue from orders completed by the Tamini Group after absorption into the Terna Group (€ +38.6 million) and for grants for plants related to the implementation and completion of orders for changes to the NTG (€ +6.3 million, including activities related to Expo 2015).

In the area of **Traditional Activities**⁷, the increase (€ +2 million overall) derived mainly from the supplement to the premium for the quality of the transmission service for financial year 2012, recognised on the basis of the indications of AEEGSI Resolution 118/2014 (€ +5.7 million), net of non-recurring items recognised in the first nine months of the previous year. The figure for Transmission and Dispatching fees (€ 1,238.7 and 87.7 million respectively) is substantially in line with that for the corresponding period of the previous year, owing essentially to the offsetting effect of contingent items recognised in 2013.

In the third quarter of 2014 Group revenues recorded an increase of approximately € 15.4 million compared to the same period of 2013 mainly due to the combined effect of the contribution of the Tamini Group net of the effect of contingent assets recorded in the third quarter of 2013.

In the first nine months of 2014 **operating expenses**, amounting to € 312.9 million, mainly related to the Parent Company (€ 91.5 million) and to the subsidiary Terna Rete Italia S.p.A. (€ 175.3 million), **grew** compared with the corresponding period of 2013 (€ +44.7 million), mainly due to closing operating costs of management of the Tamini Group, post-acquisition (€ +37.7 million).

The Group's expenses in the period are detailed in the table below:

€ million	9M 2014	9M 2013	Δ Total	Δ 9M (same scope)	Tamini Group
Personnel expenses	161.4	139.5	21.9	14.4	7.5
Services, leases and rentals	89.9	82.7	7.2	0.5	6.7
Materials	30	7.8	22.2	-0.2	22.4
Other expenses	13.7	21.2	-7.5	-8.6	1.1
Costs of construction of assets in concession	17.9	17.0	0.9	0.9	-
Total expenses	312.9	268.2	44.7	7.0	37.7

Net of the Tamini Group's contribution, the increase in operating expenses was € +7 million, mainly referable to:

- "Personnel expenses": € +14.4 million, due essentially to reorganization and restructuring programs (€ +6 million), to higher contingent assets on costs for incentives recognised in 2013, and to the increases provided for in the National Collective Employment Contract for 2014; also significant were lower capitalisations (€ 4.2 million) attributable in particular to a drop in investment activities carried out in the period, the latter in line with the provisions of the Strategic Plan;
- "Other expenses": € -8.6 million, this reduction reflects lower expenses on the quality of the transmission service (€ 8 million) compared with the corresponding period of the previous year.

⁷ Revenue from Traditional Activities includes revenue from the items "Transmission Fee", "Dispatching Fee" and the related "Other operating revenue".

Similarly, in third quarter 2014, the Group's operating expenses increased by € 33.9 million compared with the corresponding period of 2013, owing essentially to the effects of the Tamini acquisition, and to the phenomena described above with reference to personnel expenses and service quality.

EBITDA (Gross Operating Margin) for the period came out at **€ 1,134.8 million**, a slight increase of € 1.8 million compared with the € 1,133 million of the first nine months of 2013.

The **EBITDA margin** went down from 80.9% in the first nine months of 2013 to **78.4%** in the corresponding period of 2014, owing substantially to the dilutive effect of acquisition of the Tamini Group. The item **amortisation, depreciation and impairment** for the period, amounting to € 343.4 million (of which € 306.2 million of the parent company and € 35.2 million of the subsidiary Terna Rete Italia S.r.l.), grew by € 21.1 million compared with the same period of 2013 mainly due to the entry into operation of new plants.

Amortisation, depreciation and impairment were substantially in line in the comparison between the two quarters.

EBIT (Operating Profit/Loss), after deducting amortisation, depreciation and impairment, came out at **€ 791.4 million**, compared with € 810.7 million in the first nine months of 2013 (-2.4%).

Net financial expense for the period, amounting to € 99.8 million, mainly attributable to the parent company (€ 98.8 million), revealed an increase of € 28.9 million, compared to € 70.9 million in the same period of 2013, which was affected by higher financial income due to the greater liquidity invested at more favourable rates.

After deducting net financial expense, **profit before taxes** came out at **€ 691.6 million**, down by € 48.2 million compared with the corresponding period of the previous year (-6.5%).

Income tax expense for the year amounted to € 273.8 million, down by € 54.4 million (-16.6%) compared to the same period of the previous year, due not only to the lower pre-tax profit but also to the reduction of the IRES supplement, provided for by Italian Law Decree No. 138 of 13.08.2011 (Robin Hood Tax), which fell from 10.5% to 6.5%, setting the IRES rate at 34% (compared with 38% in 2013).

The tax rate for the period dropped from 44.4% in the first nine months of 2013 to 39.6% in the corresponding period of 2014.

Net profit for the period reached **€ 417.8 million**, up € 6.2 million (+1.5%) compared with the € 411.6 million of the first nine months of 2013.

Results by business segment

Economic results

The breakdown of the Terna Group's results by business segment, in relation to the first nine months of financial years 2014 and 2013, is shown in the table below⁸:

€ million	First 9 months 2014	First 9 months 2013	Δ	Δ%
Total revenue from Traditional Activities	1,342.2	1,340.2	2.0	0.2%
<i>Transmission Fee</i>				
	1,238.7	1,241.8	-3.1	
<i>Dispatching Fee</i>	87.7	84.8	2.9	
<i>Other core revenue</i>	15.8	13.6	2.2	
Total revenue from Non-Traditional Activities	87.6	44.0	43.6	99.1%
<i>Other non-traditional revenue</i>	49.0	44.0	5.0	
<i>Tamini Group revenue</i>	38.6	-	38.6	
Revenue from construction of assets in concession	17.9	17.0	0.9	
Total revenue	1,447.7	1,401.2	46.5	3.3%
Total costs of Traditional Activities	242.8	238.6	4.2	1.8%
<i>Personnel</i>	146.9	132.9	14.0	
<i>External resources</i>	85.9	87.8	-1.9	
<i>Other charges</i>	10.0	17.9	-7.9	
Total costs of Non-Traditional Activities	52.2	12.6	39.6	314.3%
<i>Other non-traditional costs</i>	14.5	12.6	1.9	
<i>Tamini Group costs</i>	37.7	-	37.7	
Costs from construction of assets in concession	17.9	17.0	0.9	
Total operating expenses	312.9	268.2	44.7	16.7%
EBITDA	1,134.8	1,133.0	1.8	0.2%
EBITDA traditional activities⁹	1,099.4	1,101.6	-2.2	-0.2%
EBITDA non-traditional activities⁹	35.4	31.4	4.0	12.7%

Traditional Activities

The **EBITDA of the Traditional Activities** amounted to € 1,099.4 million, down € 2.2 million compared to the figure for the corresponding period of the previous financial year.

The increase in operating expenses (€ +4.2 million) greater than that of revenue (€ +2 million, the latter essentially due to the ENSR service-quality mechanism), is mainly related to personnel expenses (€ +14 million) – that reflect the accounting for non-recurring items and were affected by lower capitalised costs in the period – which more than offset the positive effect of lower expenses linked to other mechanisms connected with transmission service quality (€ -8 million).

⁸ The Terna Group's business segments are in keeping with the internal management control system adopted by the Parent Company, in line with the 2014-2018 Strategic Plan.

⁹ It should be noted that indirect costs are conventionally wholly attributed to the EBITDA of traditional activities.

Non-Traditional Activities

The **EBITDA of Non-Traditional Activities** came out at € 35.4 million, up 4 million compared with the € 31.4 million of the first nine months of the previous year.

The positive change reflects both the contribution of the Tamini Group (€ +38.6 million revenue from orders and € +37.7 million operating expenses) which contributed with € 0.9 million to EBITDA of the Traditional Activities (and of the Group), and in particular the higher revenue from grants for plants related to the execution and completion of orders for variants on the NTG.

Investments

In the first nine months of 2014, the Terna Group made investments for € 652.4 million, of which € 621.4 million (approximately 95%) were investments in Traditional Activities, i.e. remunerated by the AEEGSI; in particular, with reference to remunerated investments, we can note that:

- 41% receives extra remuneration of 2% (investment categories I3 and I4);
- 35% benefits from extra remuneration of 1.5% (investment category I2);
- 24% receives the basic remuneration (investment category I1).

Investments	First 9 months 2014	First 9 months 2013	Δ	Δ%
Incentive +2% (Category I3/I4)	254.2	360.4	-106.2	-29%
Incentive +1.5% (Category I2)	219.6	216.7	2.9	1%
Investments with incentives	473.8	577.1	-103.3	-18%
Basic remuneration (Category I1)	147.6	149.0	-1.4	-1%
Investments in Traditional Activities	621.4	726.1	-104.7	-14%
Other ¹⁰	31.0	31.9	-0.9	-3%
Total investments	652.4	758.0	-105.6	-14%

The investments in Non-Traditional Activities, included under the item “Other” in the above table, mainly regard variants for third parties.

¹⁰ These include investments in non-traditional activities and capitalised borrowing costs.

Equity results

The Terna Group's operating and financial position at 30 September 2014 and at 31 December 2013 is summarised in the table below.

	at 30.09.2014	at 31.12.2013	Δ
<i>€ million</i>			
Net non-current assets			
- Intangible assets and goodwill	448.9	461.8	-12.9
- Property plant and equipment	10,457.8	10,119.9	337.9
- Financial assets	84.8	82.8	2.0
Total	10,991.5	10,664.5	327.0
Net working capital			
- Trade receivables	647.1	846.1	-199.0
- Trade payables	551.9	780.0	-228.1
- Net energy-related pass-through payables	411.4	407.3	4.1
- Net tax liabilities	138.4	-32.9	171.3
- Inventories	18.5	8.0	10.5
- Other assets	142.5	95.5	47.0
- Other liabilities	457.8	441.3	16.5
Total	-751.4	-646.1	-105.3
Gross invested capital	10,240.1	10,018.4	221.7
Sundry provisions	441.6	452.7	-11.1
NET INVESTED CAPITAL	9,798.5	9,565.7	232.8
Equity attributable to the owners of the Parent	3,110.4	2,940.6	169.8
Net financial debt	6,688.1	6,625.1	63.0
TOTAL	9,798.5	9,565.7	232.8

The increase in **Net non-current assets** of € 327.0 million, compared with the figure of 31 December 2013, is mainly attributable to the item **Property, plant and equipment**, owing essentially to the combined effect of:

- investments for € 622.5 million;
- net contribution deriving from the acquisitions of the Tamini Group (€ +17.4 million) and of the Brulli Trasmissione business unit (€ +11.8 million);
- depreciation and amortisation for the period of € 299.9 million.

Disposals and other changes in the period, such as the recognition of set-up grants, brought a change of € +337.9 million compared to 31 December 2013.

Intangible assets and goodwill recorded a reduction of € 12.9 million attributable mainly to ordinary movements of intangible assets for investments of € 29.9 million (of which € 18 million in dispatching infrastructures), net of the portion of amortisation accruing of € 43.5 million (of which € 27.1 million relating to the dispatching infrastructures and € 4.2 million relating to the concession).

Total investments made by the Group in the first nine months of 2014 were € 652.4 million, in line with the Strategic Plan and down compared to the 758 million of the corresponding period of 2013 which reflected, among other things, non-recurring effects. The first nine months of the current year were characterised by entry into operation of two strategic power lines for the system, Trino-Lacchiarella and Foggia-Benevento, while the connection between Sicily and Calabria (Sorgente-Rizziconi), the "Italy-Montenegro" interconnection and the development of storage systems are the main investments currently in progress.

Net working capital amounted to € -751.4 million and during the period provided cash of € 105.3 million, owing essentially to the combined effect of:

- an increase in net tax payables of € 171.3 million, essentially due to recognition of taxes accruing to the period (€ 305.4 million) net of the advances paid on the current financial year (€ 163.9 million) and of the balance of taxes related to financial year 2013 (€ 36.4 million); it is also worth noting the higher net payable to the tax authority for VAT (€ +63.2 million compared to the credit position at the end of 2013);
- a decrease in trade receivables of € 199 million which, net of the contribution of receivables related to the Tamini Group (€ 55.5 million), reflects amounts received from the Electricity Industry Adjustment Fund relating to the mechanism for additional revenue related to the transmission service and recognised for the year 2012 (€ 131.5 million), as well as the collection, postponed in January by a market operator, of the portion of the CTR (grid transmission fee) for the last part of 2013, the natural deadline of which was the end of the previous year;
- lower trade payables of € 228.1 million mostly for purchases and services relating to greater investment activities implemented in the last period of the previous year; payables related to the Tamini Group were € 38.3 million;
- among other liabilities it is important to note the reduction in guarantee deposits received from electricity market operators securing their obligations in respect of dispatching contracts (€ 17.8 million).

Gross invested capital, therefore, amounted to € 10,240.1 million, recording an increase compared with the previous financial year of € 221.7 million.

Sundry provisions declined by € 11.1 million, owing mainly to the following changes:

Provisions/liabilities - personnel

- net uses relating to voluntary retirement incentives and incentive plans for senior management personnel (€ -15.2 million - including compensation owing and paid to the outgoing CEO);

- an increase in the liability relating to employee benefits owing essentially to the recognition of actuarial gains and losses accruing to the half year (€ 10 million, referable to adjustment of the reference interest rate);

Provisions for risks - others

- contribution of provisions for sundry risks and charges (€ 10.1 million) following acquisition of the Tamini Group¹¹;
- net provisions (€ 7.9 million) relating to "Urban and environmental restoration projects" to offset the environmental impact arising mainly from the entry into operation of the Trino-Lacchiarella and Benevento-Foggia lines, in addition to charges related to compliance and testing;

Provisions for taxation

- use of net deferred tax of € 24.3 million, mainly for the use of previous provisions relating to additional depreciation regarding economic and technical portions and changes in the funds described above.

Net invested capital amounted to € 9,798.5 million, an increase of € 232.8 million compared with 31 December 2013 and is financed by shareholders' equity for € 3,110.4 million (compared with € 2,940.6 million at 31 December 2013) and by net financial indebtedness for € 6,688.1 million (€ +63 million compared with the € 6,625.1 million of 31 December 2013).

¹¹ The provisions of the Tamini Group essentially regard allocations made for guarantees on products sold and allocations of an environmental nature.

Reconciliation of consolidated equity and profit for the period with the corresponding figures for the Parent Company

The reconciliation of consolidated equity and profit for the period with the amounts reported by the Parent Company is shown below:

<i>€ million</i>	Net profit first 9 months 2014	Shareholders' Equity at 30.09.2014
Financial Statements of the Parent Company	354.4	2,799.5
Results and equity contributed by the Group companies in the traditional business activities	64.1	230.0
Results and equity contributed by the Terna Plus Group	-1.9	57.8
Equity-accounted investees	1.2	23.1
Terna Group Consolidated Financial Statements	417.8	3,110.4

Cash flows

Net financial debt

The Group's net financial debt at 30 September 2014 (€ 6,688.1 million) is broken down in the table below.

€ million	30.09.2014	31.12.2013	Δ
Financial debt			
A. Medium- and long-term debt			
- Bond	5,946.6	5,723.0	223.6
- Floating-rate loans	2,123.7	2,286.9	-163.2
- Derivative financial instruments	-706.9	-447.1	-259.8
Total	7,363.4	7,562.8	-199.4
B. Short-term debt (liquidity):			
- Fixed-rate loans (current portions)	601.8	618.8	-17.0
- Floating-rate loans (current portions)	764.2	79.0	685.2
- Derivative financial instruments	8.7	-18.4	27.1
- Cash and cash equivalents	-2,050.0	-1,617.1	-432.9
Total	-675.3	-937.7	262.4
Total net financial debt	6,688.1	6,625.1	63.0

The structure of net financial debt, which increased overall in the first nine months of financial year 2014 by € 63.0 million, presents the following changes:

- an increase in bond loans (€ 206.6 million) as a result of adjusting financial instruments to fair value (€ +205.5 million, including the amortised cost) and the capitalisation of inflation in the period (€ +1.1 million) associated with the inflation-linked bond;
- an increase in floating-rate loans (€ 522.0 million), due essentially to the combined effect of the following changes:
 - disbursement by the European Investment Bank (EIB) of a loan for € 570.0 million on 25 June 2014, with maturity of 2030;
 - repayment of EIB loan instalments due of € -57.2 million;
 - recognition of payables (€ 9.2 million) related to the takeover in four leasing contracts relating to the acquisition of the business unit Brulli Trasmissione, commented on in the paragraph “Significant events in the third quarter of 2014”;
- an increase in the positive net balance of derivative financial instruments (€ 232.7 million), mainly due to an increase in the reference interest rate curve compared to December 2013;
- an increase in cash and cash equivalents (€ 432.9 million).

Cash flow

The consolidated cash flow at 30 September 2014 and 30 September 2013 is presented in the statement below.

€ million	Cash flow 30.09.2014	Cash flow 30.09.2013
Opening cash and cash equivalents	1,617.1	2,510.1
- Net profit for the period	417.8	411.6
- Amortisation, depreciation and impairment	343.4	322.3
- Net change in provisions	-11.1	-36.7
<i>of which Tamini Group contribution*</i>	5.6	-
- Net financial expense	99.8	70.9
- Net losses (gains) on asset disposals	-0.9	-0.9
Self-financing	849.0	767.2
- Change in net working capital	105.3	-192.3
<i>of which Tamini Group contribution*</i>	-32.0	-
Operating cash flow	954.3	574.9
Investments		
- Total investments	-652.4	-758.0
- Other changes in non-current assets	-16.5	-5.4
<i>of which Tamini Group contribution*</i>	-17.7	-
- Change in equity investments	-0.6	-1.1
Total cash flows generated by/(used in) investing activities	-669.5	-764.5
- Change in loans	495.9	-87.9
- Other changes in equity attributable to owners of the Parent	13.3	37.1
- Dividends paid to owners of the Parent	-261.3	-261.3
- Net financial expense	-99.8	-70.9
Total cash flows generated by/(used in) financing activities	148.1	-383.0
Total cash flow for the period	432.9	-572.6
Closing cash and cash equivalents	2,050.0	1,937.5

* Opening value at the acquisition date of 20 May 2014.

The cash provided by operating activities in the first nine months of 2014 came to approximately € 954.3 million and is attributable to self-financing (€ 849.0 million) and to financial resources provided by net working capital (€ 105.3 million).

The most substantial effect on **self-financing** was that of profit for the period, € 417.8 million, gross of amortisation, depreciation and impairment accruing of € 343.4 million and net financial expense for the period (€ 99.8 million).

The change in **net working capital**, € +105.3 million, was mostly due to the increase in net tax liabilities.

Investment activities used financial resources of approximately € 669.5 million, mainly referable to investments made in the first nine months of 2014 in property, plant and equipment (€ 622.5 million) and intangible assets (€ 29.9 million) – attributable to the Parent Company for a total of € 613.8 million.

Own capital flows were mainly used in distributing the 2013 dividend balance to owners of the Parent (€ 261.3 million).

The other changes in equity attributable to owners of the Parent relate to recognition at fair value of derivatives hedging floating-rate debt - CFHs, net of the related tax effect, of the Parent Company (+€ +20.0 million net of the related tax effect), and to the recognition of the actuarial gain on employee benefits accruing to the period (€ -6.7 million, also considering the tax effect) related essentially to adjustment of the reference interest rate.

Therefore, financial resources used in investment activities, equity flows and the Group's financial operations determined in the year a total requirement of € 1,017.3 million funded in part by cash flows provided by operating activities (€ 954.3 million) and, for the rest, through increased net debt (€ 63.0 million).

Sustainability performance

Terna: in 2014 the only independent grid operator in the Dow Jones Sustainability index. The 6th consecutive year at the top for sustainability

The only independent grid operator and sixth consecutive confirmation for Terna in the prestigious Dow Jones Sustainability Index: this is the result of the annual review carried out by the Swiss sustainability rating agency RobecoSAM and published on **11 September 2014**, which also confirmed the Company's place, for the fifth consecutive year, in the Dow Jones Sustainability Europe index.

The confirmation of Terna in both indexes with a total score of 87, up by 3 points compared with last year and among the highest in the Electric Utilities sector (average score: 56), acknowledges the Company's constant commitment to sustainable operations and constitutes for investors a sign of the ability to create value also in the medium to long term.

This fact is confirmed also by the proportion of Terna's float held by investors attentive to sustainability performance, which has tripled in the last three years, coming out at 7.2% at the end of 2013. This year, in addition, only 8 Electric Utilities are included in the World index (there were 9 in 2013) and just 3 in the Europe index (compared to 5 in 2013).

Besides being in the DJSI, Terna is included in the international sustainability indexes: FTSE4Good (Global and Europe), ECPI (Ethical Global, Euro and EMU), MSCI (ESG World, EAFE, EMU, Europe), ESI (Excellence Europe), Ethibel (Pioneer and Excellence), STOXX ESG (Global, Environmental, Social and Governance) Vigeo Euronext (World, Europe and Eurozone), and in the Italian indexes FTSE ECPI Italia SRI Benchmark and Italia SRI Leaders, prepared with only companies listed on the Italian Stock Exchange.

Events subsequent to 30 September 2014

TERNA S.p.A.: the Holding Company CDP transfers the equity investment held to CDP Reti

With a communication dated 30 October 2014 (declaration pursuant to Art. 120 of the Consolidated Law on Finance) the Holding Company Cassa Depositi e Prestiti S.p.A. (CDP) informed Terna S.p.A. that on **27 October 2014**, as part of the operation to open the share capital of CDP Reti S.p.A. to third-party investors, the entire equity investment held by CDP in Terna S.p.A., consisting of 599,999,999 shares, 29.851% of the total share capital, was transferred to CDP Reti.

The transfer of the equity investment held in Terna was carried out by CDP subscribing and paying up a CDP Reti capital increase, resolved by the latter's shareholders' meeting on 24 September 2014, and reserved for subscription by the sole shareholder CDP, following the non-exercise by the Prime Minister's Office of the special powers pursuant to Italian Law Decree No. 21/2012.

As a result of this transfer, CDP Reti, which already holds a 30.000% stake in SNAM SpA, also holds a 29.851% stake in Terna.

At the date of the above communication, CDP Reti S.p.A. was declared as a company wholly owned by Cassa Depositi e Prestiti S.p.A.. The de facto controlling relationship existing between CDP and Terna, declared by the Holding Company with a communication of 19 April 2007, is therefore unchanged as of today.

Italian Regulatory Authority for Electricity, Gas and Water (AEEGSI) Resolution 531/2014/R/gas of 30 October 2014 and impact on operators' stocks

In Resolution 531/2014/R/gas of 30 October 2014, the AEEGSI approved the tariff regulation criteria for the natural gas storage service for the period 2015-2018. Unlike a previous consultation document (189/2014/R/gas, April 2014), the resolution does not contain explicit reference to recognition of changes to inflation in determining the remuneration rate (real pre-tax WACC). The financial market operators interpreted the absence of such a reference as a desire on the part of the Authority not to recognise adjustment to inflation in revising remuneration rates also of other regulated services (both gas and electricity), possibly having a negative effect on the value of stocks on the Stock Exchange. In the trading session of 3 November, the price of Terna stocks, and those of various other companies active in the above sectors, felt a significant negative effect. On the evening of 3 November, the AEEGSI published a press release in which it specified that it would proceed with an overall reform of the WACC fixing methods, in relation to the variables exposed to factors exogenous to the regulated sector. This communication by the Authority allowed the value of stocks on the Stock Exchange to stabilise over the following days.

Declaration by the executive in charge of the preparation of the company's accounting documents in accordance with the provisions of Art. 154-*bis*, paragraph 2 of Italian Legislative Decree No. 58/1998

The executive in charge of the preparation of the company's accounting documents, Pierpaolo Cristofori, in accordance with Art. 154-*bis*, paragraph 2 of the Consolidated Law on Finance, declares that the accounting disclosure given in this Consolidated Interim Financial Report at 30 September 2014 is coherent with the documents, books and accounts.

ANNEX – "Organisation, context and business" section

Italy's regulatory framework

Regulatory framework

Below is a brief description of the main recent regulatory measures of interest for the Parent Company issued during third quarter 2014 and, subsequently, up to the date of preparation of the present Consolidated Interim Financial Report.

Italian Law Decree No. 90 of 24 June 2014, "Urgent measures for simplification and administrative transparency and for the efficiency of judicial offices," published in Italian Official Journal No. 144 of 24 June 2014, converted by Conversion Law No. 114 of 11 August 2014, published in Official Journal No. 190 of 18 August 2014.

The Decree concerns independent authorities, extending the regime of incompatibility and introducing measures aimed at containing and rationalising costs.

The Decree abolishes the Authority for Supervision of Public Contracts, transferring its responsibilities to the National Anti-Corruption Authority. From 1 January 2015, the Ministry of the Economy will acquire information relating to equity investments held by public administrations in joint stock companies through existing databases or by requesting that the said administrations send the information.

Finally, the annual fees paid to the Chamber of Commerce are reduced by 50%, starting from the financial year subsequent to 25 June 2014.

Decree Law No. 91 of 24 June 2014, "Urgent provisions for the agricultural sector, environmental protection and energy efficiency for school and university buildings, the recovery and development of companies, and containment of costs weighing on electricity tariffs, as well as the immediate definition of requirements deriving from European regulations," published in Official Journal No. 144 of 24 June 2014, converted by Conversion Law No. 116 of 11 August 2014, published in Official Journal No. 192 of 20 August 2014.

The Decree intervenes on certain aspects of the Consolidated Law on Finance, introducing the possibility of providing, in the articles of association of companies with listed shares, for a majority vote and a mandatory takeover bid, not only for any subject that acquires a stake that gives the right to more than 30% of voting rights, but also when a subject, "*following purchases, comes to hold a stake higher than the threshold of twenty-five per cent in the absence of another shareholder that holds a higher stake*". It also introduces a tax credit in the amount of 15% for spending on new capital goods (division 28 of the ATECO table), incurred from 25 June and up to 30 June 2015, which exceed the average of investments during the five preceding tax periods, with the right to exclude the period in which investments were greatest from the calculation of the average. The credit is divided and used in three annual portions of equal amount, starting from the second tax period subsequent to the purchase.

Other measures are aimed at reducing the energy costs sustained by small and medium-sized enterprises, through actions to remodulate incentives for photovoltaics, to eliminate the subsidised tariffs paid to employees in the electricity sector, partial participation in general system charges on the part of IUGs, EESs, and ESEEEs, also in relation to the energy consumed and not taken from the grid, revision of the regulations which guarantee coverage of the extra costs incurred on islands not interconnected to the national electricity grid.

Italian Law Decree No. 133 of 12 September 2014, “Urgent measures for starting work, carrying out public works, digitalising the country, simplifying bureaucracy, the hydrogeological instability emergency and for the recovery of productive activities”, published in Official Journal No. 212 of 12 September 2014.

The decree provides for measures aimed at encouraging investments for growth, extending the scope of activities of Cassa Depositi e Prestiti to financing operations in sectors of general interest, initiatives of public utility, investments for research, development, innovation and energy efficiency.

It also provides for certain changes to the rules on project bonds, pursuant to Article 157 of Italian Legislative Decree 163/06, permitting that they be dematerialised and eliminating the obligation to highlight also on the security the warning about the risk profile associated with the operation.

Italian Legislative Decree No. 153 of 13 October 2014 containing “Further supplementary and corrective provisions to Italian Legislative Decree No. 159 of 6 September 2011 on the Code of anti-mafia laws and preventive measures, as well as new provisions on anti-mafia documentation, in application of articles 1 and 2 of Italian Law No. 136 of 13 August 2010”, published in the Italian Official Journal No. 250 of 27 October 2014.

This provision amends and supplements Italian Legislative Decree No. 136/10, establishing temporary rules until activation of the Single National Data Bank and corrective measures on the consultation and issuing methods for anti-mafia documentation and communications via the same data bank. Furthermore, it expands on the content of anti-mafia communications, with information relating to relatives living with those who hold important positions in the company.

Italian Economic Development Ministerial Decree of 15 October 2014 on “supplements to the Italian Decree of 19 December 2013 on the methods and criteria for the importation of electricity for 2014”, published in the Italian Official Journal No. 253 of 30 October 2014.

The Decree, in supplementing the Italian Decree of 19 December 2013 on the methods and criteria for the importation of electricity in Italy for 2014, details that Terna should respect reserves of 50 MW, for 2014, of Italy's transit capacity with foreign countries in favour of the Vatican City State, through a division of income from the allocation of rights to use the transport capacity across the French border.

Resolutions of the Italian Regulatory Authority for Electricity, Gas and Water

Below a short summary is presented of the main resolutions passed by the Italian Regulatory Authority for Electricity Gas and Water (the "Authority") during the third quarter of 2014 and, later, up to the date of preparation of this Consolidated Interim Financial Report.

Resolution 400/2014/R/eel

With this measure the Authority adopted rules on the tariff for transitory remuneration of the available production capacity and a number of changes and additions to Resolution 48/04. In particular, the Authority changed the transitory rules on the extra tariff remunerating the available electricity generation capacity for the years from 2010 to 2013, in the light of Judgement 3051/2014 of the Council of State, excluding the component related to green certificates from the formula for calculating the effective revenue of market operators.

With particular regard to the years 2012 and 2013, the Authority ruled that Terna must determine and pay the extra tariff, established according to the indications of the Council of State, net of the advance paid to the operators under the terms of Resolution 90/2014/R/eel and that the revenue destined for these tariffs must remain € 60 million for each year in question. In relation to the years 2010 and 2011, the Authority also ruled that Terna must determine and pay the extra tariff, established using the criterion of retaining the amounts deriving from the previous methodology, revised to take into account the indications expressed in the Council of State's judgement.

Resolutions 347/2014/R/eel and 425/2014/R/eel

With these measures the Authority set forth a number of provisions and updates in relation to rules on essential production units.

In particular, with Resolution 347/2014/R/eel, the Authority made rulings on the subject of the essential production plants available to the company Edipower S.p.A., establishing, in particular, that Terna must pay this company, by 31 August 2014, the balance of the tariff covering the generation costs for the year 2012 for the San Filippo del Mela 150 kV and San Filippo del Mela 220 kV plants.

With Resolution 425/2014/R/eel, the Authority introduced a number of changes relating to the systems for remunerating essential plants pursuant to Resolution No. 111/06 and to determination of the tariff covering the costs for the year 2011 in relation to the essential production capacity of the company E.ON Global Commodities SE, establishing that Terna must pay this company the balance of the tariff covering the costs in relation to the year 2011.

As regards essential plants for the year 2011, the Resolution also stated that Terna must make the adjustments to the tariff covering the costs, taking into account the provisions of Resolution 400/2014/R/eel, on the subject of the extra tariff remunerating the available generation capacity. The Resolution, in addition, changes the method for calculating the revenues of essential plants under the system of covering costs to be used for calculating both the expenses and the revenues in relation to the amount due for CO₂ emissions.

Resolution 421/2014/R/eel

With this measure the Authority adopted a number of further changes related to distributed generation plants aimed at ensuring the security of the national electricity system, approving the updated version of Annex A. 72, "Procedure for Reduction of Distributed Generation in emergency situations of the National Electricity System (RIGEDI)", the application of which was set as starting from 1 September 2015. Among other things, the Authority established:

- that distributor companies are obliged to implement a centralised system capable of sending the necessary signals to activate remote disconnection by 1 September 2015;
- a retrofit programme for wind and solar production plants of power greater than or equal to 100 kW already connected or to be connected in Medium Voltage, for which an application for connection was presented prior to 1 January 2013;
- that Terna must assess further solutions in addition to those currently available and to those that will become available by implementing the measure, in order to tackle any future critical problems in the electricity system, informing the Authority of such;
- that the interruptions consequent to RIGEDI should not entail the automatic refunds provided for in the regulation on quality for distributors and should not contribute to the calculation of energy not supplied of reference for Terna, therefore requiring the company to amend Annex A. 54 to the Grid Code containing "*Classification and recording of user interruptions related directly or indirectly to the National Transmission Grid*".

Resolution 424/2014/R/eel

With this measure the Authority ordered an extension of the validity of the subdivision into zones of the main grid in force for the three years 2012-2014, also for the year 2015, in order to ensure timely implementation of market coupling on the northern borders. The Resolution also postponed the deadline for transmission, by Terna to the Authority, of the proposed subdivision into zones of the main grid to a date to be set in a subsequent measure, to be identified taking into account the need to ensure definition of a new zonal configuration for the three years 2016-2018.

Resolution 426/2014/R/eel

With this measure the Authority provided a number of clarifications on application of the Integrated Text on simple production and consumption systems (TISSPC) pursuant to Resolution 578/2013/R/eel. The measure is aimed at clarifying certain requirements provided for in the regulation for the purpose of issue by the Energy Services Operator (ESO) of qualification as Simple Production and Consumption System (SPCS), as Efficient Energy System (EES) and as Existing System Equivalent to Efficient Energy Systems (ESEEEES).

Resolution 427/2014/I/eel

With this measure, the Authority approved the annual report monitoring the development of distributed generation plants for the year 2012, on the basis of the information transmitted by Terna. In particular, the report highlights the state of distributed generation and small generation in Italy compared to 2012 and provides the reference regulatory framework for distributed generation.

In order to promote the integration of distributed generation plants in the electricity system, encouraging their sustainable growth over time, ensuring at the same time the security of the electricity system itself, the Authority also stated its intention to continue in the process of modifying dispatching and promoting the development of network infrastructures. Within the measure the Authority also stressed the significance of the process of rationalising information flows relating to production plants through the GAUDI system.

Resolution 440/2014/E/eel

With this measure the Authority ordered an inspection to be carried out on the subject of service quality in relation to Terna, to be performed by 31 December 2014. In particular, the Resolution precisely defined the methods through which the verification operations will take place and the subject of the same, with particular reference to correct application of the obligations to record outages and of the calculations of energy-not-supplied indicators, communicated by the company to the Authority during 2014.

Resolution 446/2014/R/com

With this measure, implementing the provisions of Regulation (EU) 347/2013 and in keeping with the ACER recommendation of 27 June 2014, the Authority published a document that illustrates the criteria and methods currently used to assess infrastructural investments, including assessment of possible greater risk faced by Projects of Common Interest (PCIs) in the electricity and natural gas sectors.

The Resolution notes, in general, that the principles adopted by the Authority to regulate infrastructural services for electricity transmission and transport, regasification and storage of natural gas are aimed at pursuing the *objectives of adequacy, efficiency and security of the infrastructures, reconciling these objectives with the protection of final customers*. However, considering the fact that particular situations could occur in which the framework of current rules is not sufficient to support the creation of PCIs, the Resolution provides for the possibility – for promoters that consider that their Projects of Common Interest present greater risk compared with that normally associated with an infrastructural project the coverage of which is governed by current regulations – to present an application to the Authority for the purpose of obtaining the incentives provided for in Article 13, paragraph 1, first sentence, of Regulation (EU) No. 347/2013.

Resolution 446/2014/R/eel

With this measure, which follows on from Consultation Document 430/2014, the Authority defined the criteria for assignment of the instruments covering the volatility risk of the transport capacity use tariff (CCCs for the year 2015). The Resolution states, in particular, that by 15 October 2014 Terna must transmit to the Authority the proposed regulation on the competitive procedures for the year 2015 taking into account the following criteria:

- annual assignment of the CCCs must be carried out preserving the mechanism for calculating the maximum quantity of CCCs assignable to each operator currently in force;
- to the production capacity located in the hubs of Brindisi, Foggia and Priolo, in keeping with the provisions of Resolution 424/2014/R/eel on subdivision into zones for the year 2015, the same limits

should be applied as those envisaged for assignment of the CCCs on an annual basis used in the adjacent zone;

- a number of clarifications are provided and, following the last round of the tender procedure, details of the offers presented by the operators are released to the operators.

In addition, the resolution states that starting from the 2016 competitive procedures Terna must update the methods for calculating the production capacity of non-thermoelectric production units, so as to take into account the seasonality typical of such units.

Finally, during 2015, the Authority and Terna must carry out in-depth studies aimed at verifying the possibility of using the register established under the terms of Regulation 1227/2011 (REMIT) to define the total maximum quantity of CCCs assignable to each market operator making reference to the concept of corporate group.

Resolutions 487/2014/R/eel and 533/2014/R/eel

With these measures the Authority laid down provisions on the subject of instruments hedging against the risk of volatility of the transport capacity use fee (CCC) for the year 2015.

In Resolution 487/2014/R/eel, which followed Consultation Document 430/2014, the Authority defined the criteria for assigning CCCs for the year 2015. The resolution states, in particular, that by 15 October 2014 Terna must transmit to the Authority the proposed regulation on the competitive procedures for the year 2015 taking into account the following criteria:

- annual assignment of the CCCs must be carried out preserving the mechanism for calculating the maximum quantity of CCCs assignable to each operator currently in force;
- to the production capacity located in the hubs of Brindisi, Foggia and Priolo, in keeping with the provisions of resolution 424/14/R/eel on subdivision into zones for the year 2015, the same limits are applied as those envisaged for assignment of the CCCs on an annual basis used in the adjacent zone;
- a number of clarifications are provided and, following the last session of the tender procedure, details of the offers presented by the operators in that session are released to the operators.

In addition, the resolution states that starting from the competitive procedures for 2016, Terna must update the methods for calculating the production capacity of non-thermoelectric production units, so as to take into account the seasonality typical of such units.

Finally, during 2015, the Authority and Terna must carry out in-depth studies aimed at verifying the possibility of using the register established under the terms of Regulation 1227/2011 (REMIT) to define the total maximum quantity of CCCs assignable to each market operator making reference to the concept of corporate group.

With Resolution 533/2014/R/eel, the Authority approved Terna's proposal for implementing the tender procedure for assignment of the CCCs for the year 2015, considered compliant with the criteria indicated above.

Resolutions 500/2014/R/eel and 521/2014/R/eel

With these measures the Authority laid down further provisions on essential plants.

In particular, with Resolution 500/2014/R/eel, the Authority defined the technical and economic parameters relevant in applying the contractual regimes, pursuant to Article 65bis of Resolution 111/06, in relation to the macro-zones Continent and Sardinia, while with Resolution 521/2014/R/eel specific provisions are laid down with reference to essential plants located in Sicily, implementing the provisions of Art. 23, Section 3bis, of Italian Law Decree 91/14. This law decree, in fact, delegated to the Authority the definition of the methods of offer and remuneration of the said units which, until the “Sorgente–Rizziconi” 380kV power line comes into operation, are considered essential resources for the security of the electrical system. As regards the criteria for offer and remuneration of the essential units, the system of rules on cost reintegration is replicated, in general, without prejudice to certain specific rules, in relation to the methods and quantification of the offers. An obligation for Terna to insert these units in a dedicated section of the list of essential plants is also provided for. Terna must also notify the Authority and the users of the dispatching that own such units when the Sorgente–Rizziconi power line comes into operation. This is currently planned for no later than 30 June 2015.

Finally, transitory rules are provided between the regime pursuant to Italian Law Decree 91/14 and the regimes established by the Authority to govern dispatching (Resolution No. 111/06), in the case of capacity subject to both regimes in 2015.

Resolution 522/2014/R/eel

With this measure, implementing Judgement No. 2936/14 of the Council of State, and taking into account the consequent consultation (DCO 302/2014/R/efr), the Authority revised the rules on unbalancing for plants using non-programmable renewable sources (NPRS), previously defined with Resolution 281/2012/R/efr.

In order to take into account the various needs highlighted by the Council of State judgement and the observations received during the consultation, the measure is aimed at promoting correct forecasting of electricity inputs from plants powered by non-programmable renewable sources, preventing unbalancing fees from being allocated to final customers.

The measure in brief provides a mechanism for assessing unbalancing for NPRS plants characterised by:

- a) bands differentiated on the basis of the source (49% for significant wind-powered PUs, 31% for significant PV PUs, 8% for significant flowing water PUs, 1.5% for significant other-source PUs, 8% for the aggregate of non-significant PUs);
- b) assessment of unbalancing above the band with the same methods with which unbalancing of unenabled production units is currently assessed;
- c) allocation to producers of the costs of unbalancing within the band, by applying a unitary fee differentiated by market zone to the energy involved in the unbalancing.

As an alternative to this method of assessing unbalancing, dispatching users may opt, on an annual basis, for the unbalancing price envisaged for unenabled production units to be applied to all unbalancing.

Resolution 525/2014/R/eel

With this measure the Authority provided for changes and additions to the rules on effective unbalancing of electricity. In particular, in accordance with the provisions of Art. 23, Section 3-bis, of Italian Law Decree 91/14, for the purposes of calculating the unbalancing prices, the Sicily and Sardinia macro-zones are removed by merging these macro-zones with the South macro-zone.

In addition, the Authority makes explicit the application to all physical production and consumption units of the obligation, currently explicit only for production units using non-programmable renewable sources, to define input programmes using the best estimates of the quantities of electricity effectively produced by the said units, in accordance with the principles of diligence, prudence, expertise and foresight. These provisions come into effect from 1 November 2014, while awaiting the conclusion of the structural revision of the unbalancing rules, already launched by the Authority with Consultation Document 368/2013/R/eel.

Resolution 530/2014/R/eel

With this resolution, the Authority took action on the subject of Internal User Grids (IUGs), introducing changes to Table 1 of Resolution ARG/elt 52/10 containing the list of IUGs – due to the insertion of a further network configuration.

Resolution 534/2014/R/eel

With this measure the Authority laid down rules on the subject of treating withdrawal points in relation to the Italian rail network company Rete Ferroviaria Italiana (RFI) S.p.A., introducing the obligation, for this company, to sign separate contracts with Terna and the distributor companies for its withdrawal points according to the way in which the energy withdrawn is used.