



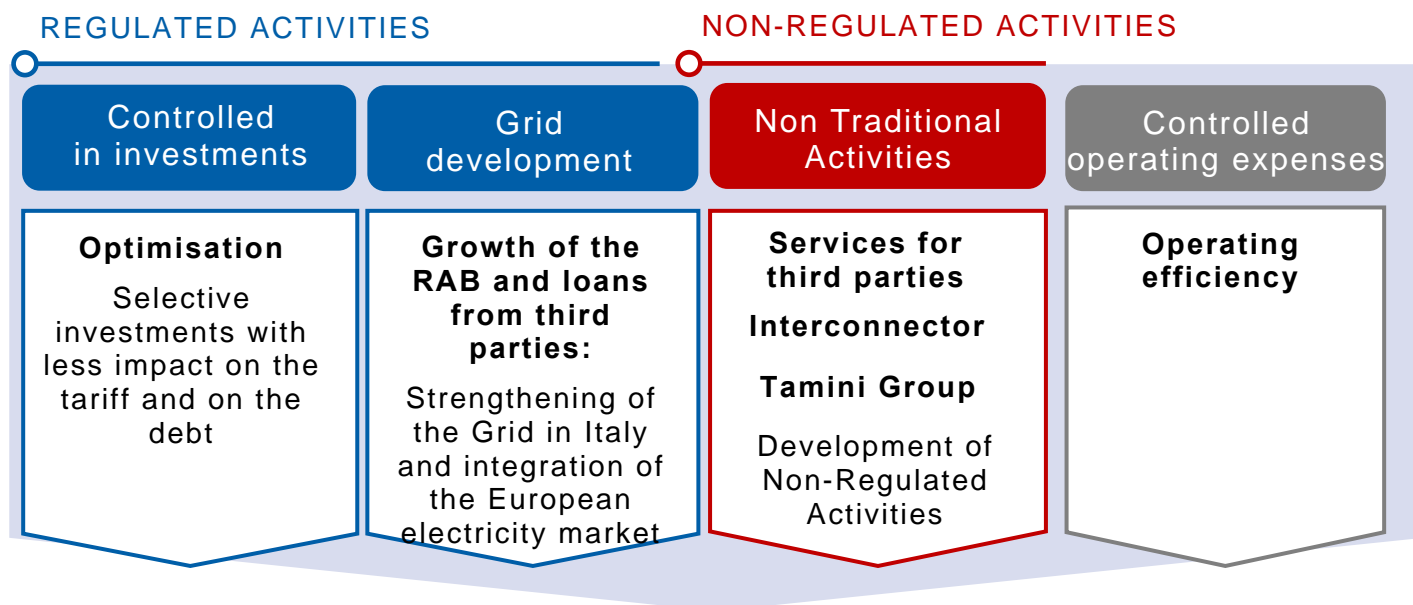
Terna Group
Consolidated Interim Financial Report
31 March 2015

Table of contents

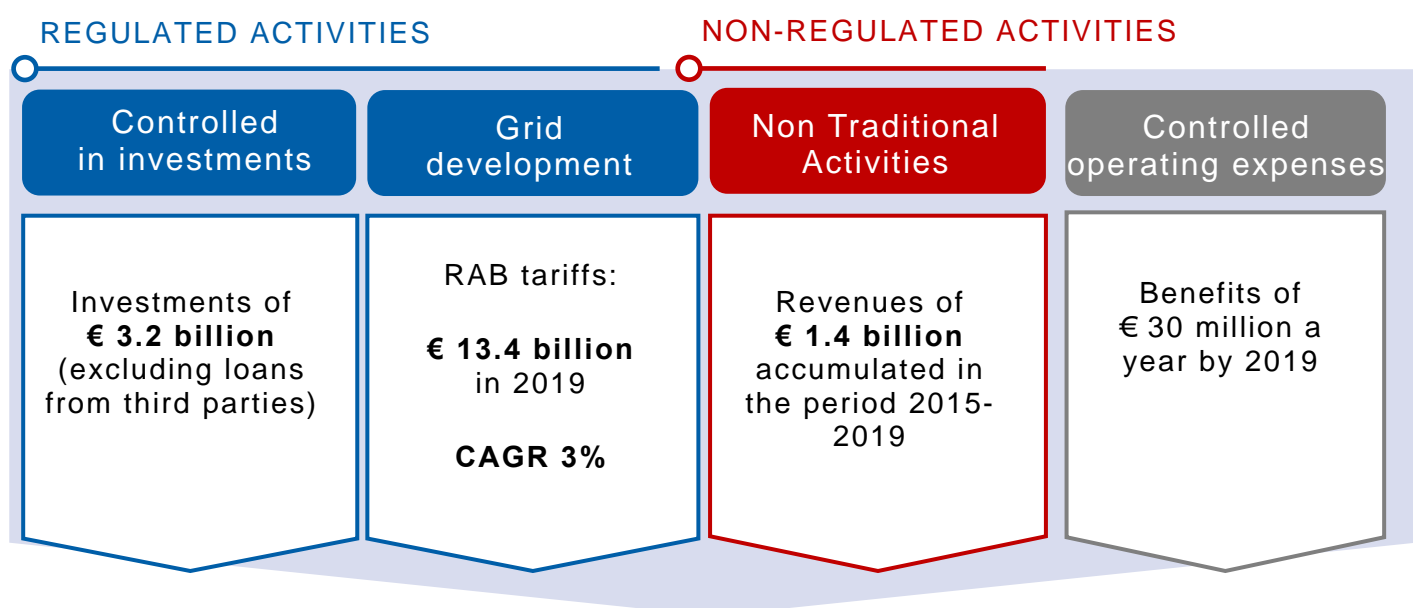
| | |
|---|-----------|
| The Group's strategy | 3 |
| Highlights – The results of first quarter 2015..... | 4 |
| Introduction | 5 |
| Organisation and reference context | 5 |
| Corporate structure..... | 7 |
| Terna's commitment, objectives and medium- and long-term strategies..... | 10 |
| Significant events in the third quarter of 2014 | 12 |
| Energy context..... | 16 |
| Legislative and regulatory context..... | 17 |
| The Group's business and capital..... | 19 |
| National Transmission Grid (NTG) | 19 |
| Investments | 20 |
| Electrical energy dispatching..... | 22 |
| Research and Development..... | 24 |
| Personnel..... | 26 |
| The Group's Performance | 27 |
| Economic-financial performance | 27 |
| Sustainability performance | 38 |
| Events subsequent to 30 September 2014 | 39 |
| Declaration by the Executive in Charge for the preparation of the company's accounting documents in accordance with the provisions of Art. 154-<i>bis</i>, paragraph 2 of Italian Legislative Decree no. 58/1998 | 40 |
| ANNEX – "Organisation and reference context" section..... | 41 |
| Italy's regulatory framework..... | 41 |

The Group's strategy

The four pillars of the 2015-2019 Strategic Plan



Objectives 2015-2019



Free Cash Flow > 2.0 bln€ accumulated

Dividend of 20 cents per share in 2015, a solid base for the future too

Reduction of the net financial debt, from 2017/2018

Highlights – The results of first quarter 2015

Economic-financial performance

INCOME STATEMENT

Revenues
+7.4%_{yoy}
513.3_{€mln}

EBITDA
+2.9%_{yoy}
401.6_{€mln}

Net Profit
+13.8%_{yoy}
165.2_{€mln}

INVESTMENTS AND NET DEBT

Total Investments
177.2_{€mln}
+ 7.9% vs 1Q14

Net Debt
6,518.2_{mln}
-449.6_{€mln} vs FY14

Introduction

This **Consolidated Interim Financial Report of the Terna Group as at 31 March 2015**, 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 under the terms of IAS 34.

Organisation and reference context

Terna S.p.A. operates mainly in the Italian electricity system. 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 by Terna 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**¹ 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.

Terna S.p.A. has been **listed** on the Borsa Italiana electronic market since 2004 and is one of the leading Italian companies in terms of stock market capitalisation. Since they were listed on the stock market, the shares have more than doubled in price (+141.18%) and the Total Shareholder's Return (TSR) is more than 350%.

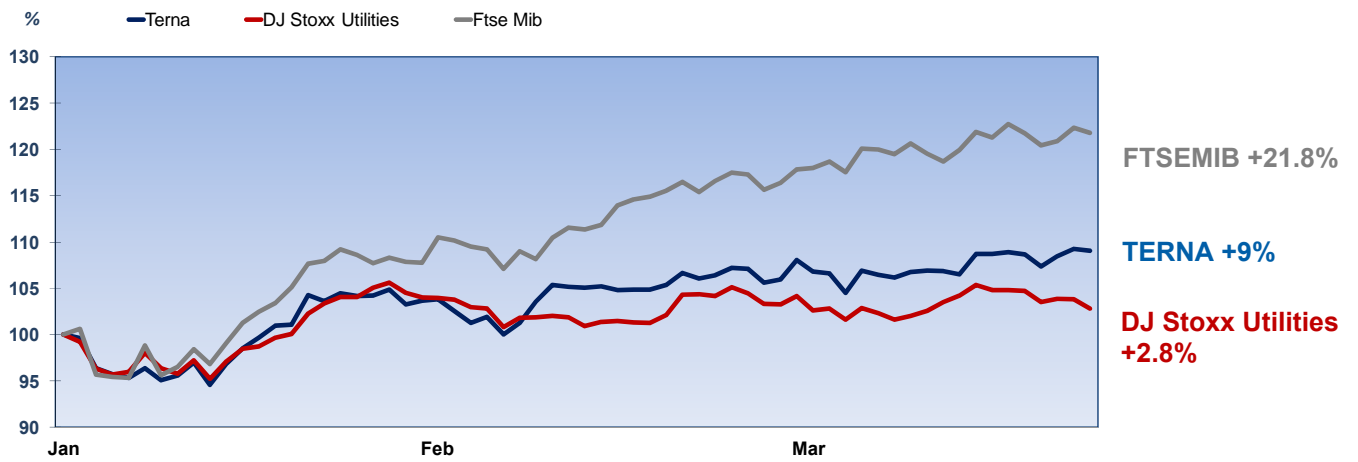
The presentation of the 2015-2019 Strategic Plan to the financial community (on 26 March 2015) boosted the performance of the Terna stock which in March gained **1.74%**, in **contrast with the trend in the sector** (DJ Utilities -2.18%) and for the **main peers** (Snam -0.04%; Red Electrica -0.53%; National Grid -2.47%).

During the first quarter 2015, the Terna share recorded a performance of 9%, lower than the FTSE MIB (+21.8%) but higher than the European sector index (DJ STOXX Utilities, +2.8%).

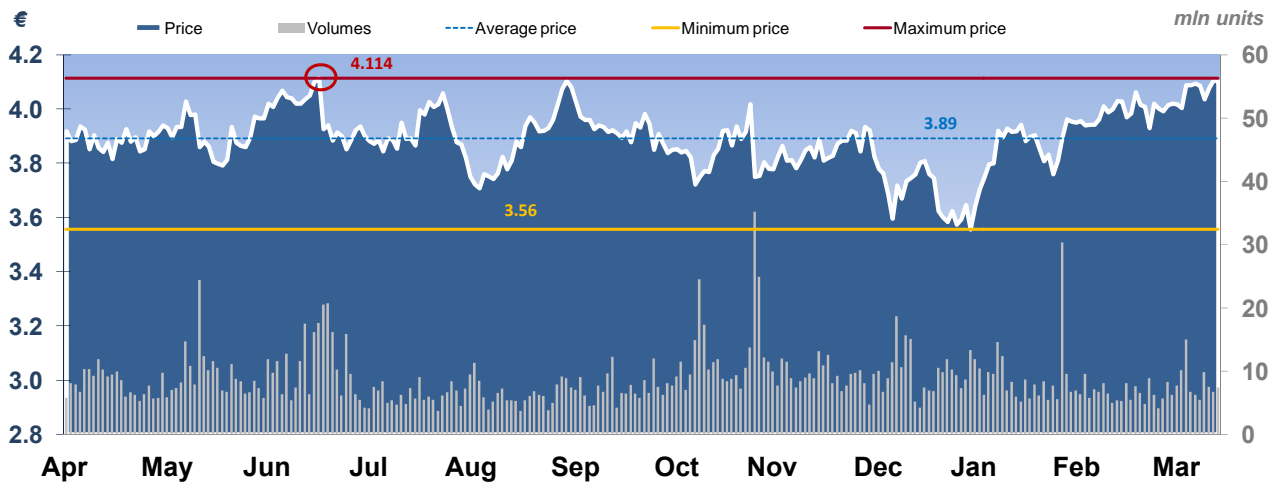
On 31 March 2015, the stock closed at almost the record high (4.10 €/share at 31 March 2015 compared with the record high of 4.114 €/share reached on 20 June 2014).

¹ Approximately 99% of the National Transmission Grid.

Performance of Terna stock 1Q2015

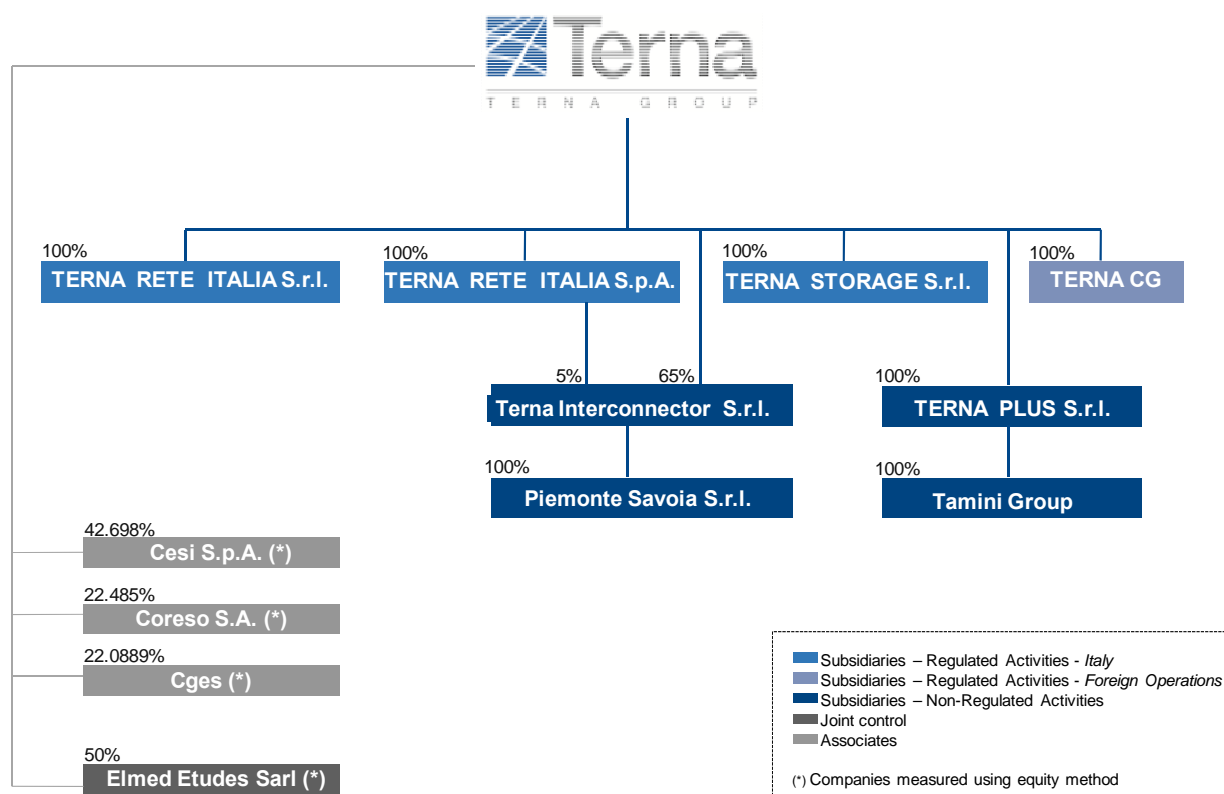


Performance of Terna stock last 12 months



Corporate structure

The corporate structure of the Terna Group at 31 March 2015 is shown below.



PARENT COMPANY

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 regulated 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 Production), and maintains **ownership of the capital assets** and **responsibility for defining the National Transmission Grid Development Plan and the Defence Plan**.

SUBSIDIARIES

REGULATED ACTIVITIES

- **Terna Rete Italia S.p.A.**

The company is tasked, within the Terna Group, with performing all Regulated 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 Parent Company's Development Plan. 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 specific intergroup contracts for regulating business.

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

The company **owns approximately 12.1% of the NTG infrastructure**; the design, construction, management, development, running and maintenance of high-voltage electricity lines fall within its corporate purpose.

- **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).

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

The company, founded in Montenegro in 2011, has as its mission activities relating to the **authorisation, construction and management of the transmission infrastructure that constitutes the electricity interconnection line between Italy and Montenegro, on Montenegrin territory**, as well as the promotion and development of new investment opportunities in the transmission sector associated with the construction and management of new interconnection lines between Montenegro and neighbouring countries and of infrastructure to connect renewable energy plants in these countries.

NON-REGULATED ACTIVITIES

- **Terna Plus S.r.l.**

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

The development of Non-Regulated Activities 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.

- **Tamini Group**

The Tamini Group operates in the production and sale of industrial and power electricity transformers using 4 manufacturing facilities, all situated in Italy, in Legnano, Melegnano, Novara and Valdagno.

With almost 400 specialised employees, customers in over 90 countries throughout the world and 200 transformers installed each year, Tamini creates industrial machines with an artisan touch. On the basis of their customers' specific system requirements, manual labour combines with the perfection offered by the most sophisticated design and calculation techniques, thanks to the use of cutting edge software and simulation models.

- **Terna Interconnector S.r.l.**

Terna Interconnector S.r.l. was set up in the second half of 2014 by the parent company Terna and the subsidiary Terna Rete Italia S.p.A. with share capital of € 10,000, subscribed for 95% by Terna S.p.A. and for the remainder by the aforesaid subsidiary.

Terna Interconnector S.r.l. works in the field of the development and creation of the “**Italy-France Interconnector**” **Project** for which, on 16 December 2013, the Parent Company and a number of industrial Federations signed the Memorandum of Understanding, aimed at creating and managing the foreign interconnection infrastructure (“Interconnections” or “Interconnector”), pursuant to Article 32 of Italian Law 99/2009².

During first quarter 2015, in particular the company Terna Interconnector:

- sold to the company Transenergia S.r.l. a 30% stake in its share capital. Subsequently, on 27 March 2015, the shareholders of Terna Interconnector made a capital contribution of €20,000 divided in proportion to their equity interests;
- set up on 27 March 2015 the company **Piemonte Savoia S.r.l.** with a share capital of €10,000. The new company, on behalf of the assignees of the Italy – France Interconnector and on the basis of specific mandates, will initiate the procedure, under the terms of MD 21 October 2005, to obtain a decree of exemption from the right of access of third parties on the transport capacity that the infrastructure will make available, for a capacity of 350 MW.

² The agreement signed also served as the basis for negotiating future agreements with the parties winning the tender procedures issued by Terna S.p.A. in 2009 and 2010.

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

2015-2019 Strategic Plan

In the last 10 years the Group has made investments of approximately €9 billion, aimed at reinforcing the national electricity grid, reducing grid congestion and the differences between the zonal energy prices. In the future Terna will continue to perform its institutional role and to ensure greater integration of the electrical system, promoting mechanisms useful for energy balancing, in Italy and Europe.

In consideration of the new challenges presented by a reference context in evolution, the Terna Group intends to implement the strategies aimed at generating a cash flow capable of ensuring a healthy and balanced financial structure and sustaining the distribution of dividends.

On 26 March 2015 Terna approved the Group's Strategic Plan for the period 2015-2019, which is based on four fundamental pillars:

- *strengthening of the grid in Italy and integration of the European electricity market;*
- *selective investments with less impacts on the electrical tariff and on the debt;*
- *development of non-regulated activities;*
- *greater operating efficiency;*

and with the following objectives:

- **improvement of the Free Cash flow** to guarantee flexibility and support to remuneration for shareholders;
- **dividends policy: dividend of 20 cents** also for 2015, a solid base also for the future;
 - increased commitment to **developing the electricity grid**, up to **€ 3.9 billion** (compared with the €3.6 billion provided for in the previous Plan), with even less impact on the electrical tariff and on the Group's debt, thanks also to the contribution of private capital and EU loans;

- **€ 1.4 billion of cumulated revenue** expected from **Non-Regulated Activities**, a further boost for the growth of the Terna Group's EBITDA;
- the value of the Regulated Asset Base (**RAB**) rises to **€ 13.4 billion in 2019**, with a CAGR of 3% over the period of the Plan;
- **greater operating efficiency**, thanks to optimising processes and rationalising costs.

Significant events in the first quarter of 2015

Below are the main significant events in the first quarter of 2015.

€ 1 billion 7-year bond issue completed

On **23 January 2015** Terna S.p.A. successfully launched on the market a bond issue in Euro, at fixed rate, for a total of €1 billion, as part of its €6,000,000,000 Euro Medium Term Notes (EMTN) Programme, which has been given a “BBB” rating with stable outlook by Standard and Poor’s, “(P)Baa1” with stable outlook by Moody’s and “BBB+” with stable outlook by Fitch. The issue generated demand for approximately €3.5 billion.

The securities, with a duration of 7 years, maturing on 2 February 2022, will pay a coupon of 0.875%, were issued at a price equal to 99.42%, with a spread of 52 basis points with respect to the midswap (the “Securities”). The Securities are listed on the Luxembourg Stock Exchange.

The operation is part of Terna's financial optimisation programmes, to cover the needs of the Group's Industrial Plan.

Terna and ANIE launch the “Safe Sites” project

On **26 January 2015**, Terna and ANIE, the federation which unites the main companies in the electro-technical and electronic sectors, signed a protocol related to the safety of the works necessary to guarantee maximum efficiency for the approximately 63,800 km of national electricity grid.

The Protocol – the first of this type signed by ANIE with an infrastructural company – follows the one signed in 2012 on construction site environmental safety, and is an expression of synergistic cooperation which aims at minimising the risks by adopting specific procedures in construction site work.

Constitutional Court Judgement 10/2015: declaration of unconstitutionality of the IRES surcharge pursuant to Article 81, paragraphs 16, 17 and 18 of Italian Legislative Decree no. 112/2008

On **11 February 2015** the ruling was published with which the Constitutional Court declared unconstitutional the so-called Robin Hood Tax (Article 81, paragraphs 16, 17 and 18 of Italian Legislative Decree no. 112/2008).

The Court focused on the unconstitutionality under the terms of Arts. 53 and 3 of the Constitution since the IRES supplement “*affects the company's entire income as absolutely no mechanism is put in place that would make it possible to tax separately and more severely only any part of extra income linked to the privileged position of the business carried on by the taxpayer in a continuing given economic situation.*” In addition the rules remain in a structural manner in the legislation without being contained in a predetermined and temporary time frame.

“Market coupling” along the Italian borders begins: the go-live is given in France, Austria and Slovenia

On **24 February 2015** the “market coupling” project along the Italian borders officially began. After an inspection and testing period, which was successfully completed in January, the electricity markets of Italy and three of its five neighbours, namely France, Austria and Slovenia, became aligned (or in the jargon “coupled”), through synchronisation of their electricity exchanges and the coordination of the respective TSOs.

With the operational go-live of the project, which for Italy involves GME and Terna, our country has taken a further, significant step towards the integrated European electricity market and is now included in the wider Multi-Regional Coupling (MRC), which already connects most of the electricity markets of the European Union, from Finland to Portugal and as far as Slovenia. At the continental level, the extension of “market coupling” to the MRC will involve a total of 20 European countries, for a total of approximately 2,800 TWh of annual consumption, that is 75% of European electricity needs.

There are many benefits of “market coupling”, which is the mechanism that integrates the electrical markets of several countries and makes it possible to assign the daily transit capacity on the border. In general, according to the study carried out by the company “Booz&Company” for the European Commission, the entire process of integrating the European energy markets will bring benefits of up to €70 billion per year, of which €40 billion in the electricity sector: of these, a figure of between €2.5 and 4 billion deriving from “market coupling”.

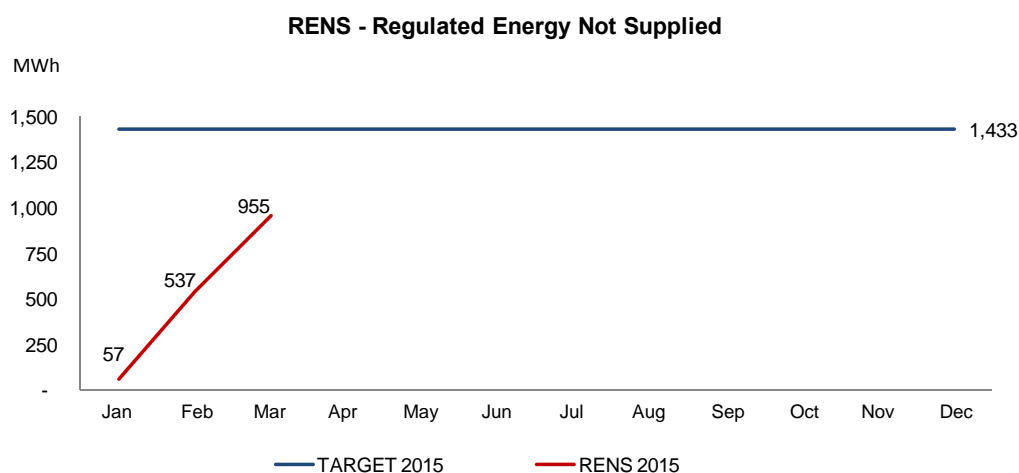
A necessary condition for the launch of “market coupling” for Italy was also the alignment of the closing time of the session for submission of offers on the day-ahead market (DAM): starting from 10 February, in fact, Terna modified the times of the MGP, moving the closure from 09.00 hours to 12:00 hours, thus synchronising – for the first time since the creation of the Italian electricity market (2004) – with the times of the other European countries.

Main electrical system operating events

Operation of the system in first quarter 2015 was affected by a number of meteorological events with a high impact in terms of electrical system management and service continuity. In particular on 6 February, on the occasion of heavy snowfalls, there were widespread user blackouts in certain provinces of Lombardy and Emilia Romagna. In March heavy snowfalls again affected the Abruzzo region, in particular on 5 and 6 March.

On the occasion of both the events significant incidents were recorded. The advancement of the RENS “Regulated Energy Not Supplied” indicator, based on preliminary operating data, with an indication of the annual target is shown below³.

³ Definition of Significant Incident and RENS pursuant to AEEGSI Resolution ARG/elt 197/11 which governs the quality of the transmission service.



Sorgente – Rizziconi power line: despite all the valid authorisations, completion of the work within the terms envisaged is at risk

On **13 March 2015** the Court of Messina confirmed the impounding of Pylon no. 40 of the Sorgente – Rizziconi power line, pronouncing on the request for re-examination presented by Terna on the subject. After 5 years of the authorisation procedure, more than 100 meetings and inspections and the positive opinions of more than 80 authorities involved have not been sufficient to ensure for Italy and for Italians the construction of the Sorgente-Rizziconi power line, one of the most important electrical works for the country.

The delay in entry into operation can be estimated to cost more than € 600 million in lost savings each year for the country, for a total, at the end of 2014, of more than €4 billion. In the meantime for the construction of the work Terna has invested €700 million, which will in any case be reflected in the bills. And the situation of the Sicilian electrical system remains critical, because if this fundamental infrastructure does not come into operation there is a risk of blackouts. For this reason Terna is already at work to find the most effective solution and to complete it and put it into operation in the shortest possible time.

Terna acted in full compliance with the law, following the route authorised by the Ministry, which provides for the positioning of Pylon no. 40 on the ridge of Monte Raunuso, in Saponara (ME).

Terna's rating

On **30 March 2015** Fitch Ratings confirmed both the long-term rating of the issuer (IDR) and the rating of the senior unsecured debt of Terna S.p.A. at “BBB+”. The Outlook is Stable. At the same time, the Agency also confirmed the short-term rating of the issuer at “F2”.

Due diligence for the acquisition of a HV grid from the FS Group

At the date on which the present Consolidated Interim Financial Report was prepared assessments are in progress for the **potential acquisition** of the **High-Voltage grid owned by FS**: approximately 8,380 km of lines and 350 High Voltage portions of electrical substations.

Due diligence is currently in progress with continuing work on checking and analysing the documentation relating to the perimeter to be acquired. From the regulatory point of view, the AEEGSI is finalising the preparatory activities for determining the tariff of the portions of the High Voltage grid as of today not included in the National Transmission Grid provided for in AEEGSI Resolution 11/2015/R/EEL of 22 January 2015. In this regard Terna is discussing the report concerning the assessment of the net and potential benefits, deriving from completion of the operation, taking into account a number of clarifications requested by the AEEGSI.

The finalisation of this operation would enable the grids to be rationalised, an improvement in the quality of the service and efficiencies in line with the European best practices.

Energy context

Energy trend in Italy

Electricity demand in the first three months of 2015

The analysis of electricity demand in the first three months of 2015 shows positive signs with a slightly improved trend which leads to a stationary level compared with the same period of 2014.

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

| | 1 January - 31 March | | | |
|---------------------------|----------------------|---------------|--------------|---------------|
| | 2015* | 2014 | Change | % |
| Hydroelectric | 9,459 | 12,806 | (3,347) | (26.1%) |
| Thermoelectric | 44,484 | 42,709 | 1,775 | 4.2% |
| Geothermal | 1,438 | 1,339 | 99 | 7.4% |
| Wind and photovoltaic | 9,682 | 8,683 | 999 | 11.5% |
| Net production | 65,063 | 65,537 | (474) | (0.7%) |
| Imported | 14,631 | 13,667 | 964 | 7.1% |
| Exported | 1,127 | 275 | 852 | 309.8% |
| Export balance | 13,504 | 13,392 | 112 | 0.8% |
| Consumption for pumping | 450 | 736 | (286) | (38.9%) |
| Electricity demand | 78,117 | 78,193 | (76) | (0.1%) |

*Provisional data

In the first quarter of 2015 the demand for electricity, 78,117 million kWh, came out at levels similar to the volumes of the corresponding period of last year (-0.1%). Normalising this result in terms of the calendar, energy demand recorded a positive sign (+0.2%).

In particular demand peaked – at 51,063 MW – on 9 February at 12 a.m.. This demand was met with the net domestic production (65,063 million kWh) and with net imports from abroad (13,504 million kWh).

Legislative and regulatory context

With reference to the legislative and regulatory context in which Terna operates, see Annex “Relevant Italian legislation” of the present section for a more detailed description of the main regulatory measures relevant to the Group companies, issued in the third quarter of 2015 and, subsequently, up to the date of preparation of the present Consolidated Interim Financial Report. The annex is divided into the sections “Legislative framework” for the main legal measures and “Resolutions of the Italian Regulatory Authority for Electricity, Gas and Water” for the more strictly regulatory area.

“Other information”, which includes indications required by specific laws or regulations governing the sector, is provided below.

Other information

Further information required by specific legal or sector regulations is presented below.

Treasury shares

The Parent Company does not hold any treasury shares or shares of CDP Reti S.p.A. or Cassa Depositi e Prestiti S.p.A., nor has it acquired or sold any during the first three months of 2015, 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 three months of 2015 included not only those with the associates and the employee pension funds (Fondenel and Fopen), but also those with Cassa Depositi e Prestiti, CDP Reti S.p.A. and the companies directly or indirectly controlled by the Ministry for the Economy and Finance.

Related-party transactions carried out in the three months of 2015 consisted largely of services under the scope of ordinary business and settled at market terms, as is described in greater detail in the Consolidated and Separate Financial Statements at 31 December 2014⁴.

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 three months of 2015, 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

⁴ 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 Consolidated and Separate Financial Statements at 31 December 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 in accordance with the law.

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*”.

Participation in the legislative simplification process pursuant to 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 be exempt from being required 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 Group's business and 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.

National Transmission Grid (NTG)

Number of plants

The number of plants belonging to Terna S.p.A. and Terna Rete Italia S.r.l. at 31 March 2015 compared to the situation at the end of 2014⁵ (which reflected the entry into operation of two important power lines for the system, Trino-Lacchiarella and Foggia-Benevento) are referred mainly to the parent company Terna, the numbers of which recorded an overall increase of 1 substation, 7 bays and a three-phase power line.

Below are the main changes for the Parent Company:

Stations

- activation of the 150 kV Valle switching station, equipped with 5 bays;
- acquisition by Terna Plus S.r.l. of the non-standard 132 kV Alfonsine plant equipped with one bay;
- activation of the new 380 kV section in the Priolo station, equipped with 4 bays;
- activation of the new 220 kV section in the Musocco station, equipped with 4 bays;
- sale to AEM Distribuzione of the 220 kV section in the Martinetto station, equipped with 7 bays.

Power lines

- construction of 3 in-out derivations on the same number of operating lines with an overall increase of the same number of three-phase power lines for a length of the same of 2.0 km;
- construction of variants and/or route changes with a decrease of 2 three-phase power lines for a length of the same of 3.0 km.

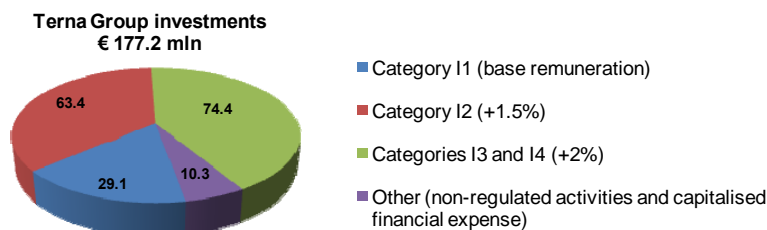
As regards Terna Rete Italia S.r.l. assets compared to 31 December 2014, we note an increase in the number of three-phase power lines of 4 units and in the length of the same (+35.5 km), mainly deriving from the reactivation of a line at 150 kV, previously not in operation, for a total increase of 34.1 km of three-phase power lines.

⁵ The NTG of the Terna Group at 31 December 2014 consisted of 57,871 km of power lines (equivalent to 63,891 km of three-phase circuits), 491 transformation stations (a total of 5,205 bays) and 661 transformers with a total power of 140,883 MVA.

Investments

Total investments made by the Terna Group in the first three months of 2015 were **€ 177.2 million**, of which **137.8 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 category⁶:



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:

- **Italy-Montenegro Interconnection:**

- *cable connection*: laying of the first marine stretch of the first hub was completed and the protection is in progress;
- *conversion stations*: excavation work has begun at the kotor site and the final planning activities are being done by Toshiba; construction of the foundations of the Cepagatti substation has also begun;

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

- *power lines/cables*:
 - Calabria: excavation work on the Favazzina tunnel is in progress;
 - Sicily: work on the Villafranca – Sorgente power line has been completed, legal actions are in progress for the release from seizure of Pylon no. 40 in the Municipality of Saponara (ME) and work on laying the underground cable section is at an advanced stage;
- *electrical stations*:
 - Calabria: work has begun on separating the 380 kV bars of the Rizziconi electrical substation (henceforth also ES) ;
 - Sicily: at Villafranca approval testing of the armoured 380 kV line has been completed and mounting of the armoured 150 kV line and the machinery is being completed; at the Sorgente ES work on separating the 380 kV bars is in progress;

⁶ 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 AEEGSI, 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 Paternò - Pantano - Priolo power line:**
 - *power lines/cables:*
 - excavation and laying of the 380 kV connection cable between the Melilli ES and the Priolo ES is in progress;
 - *electrical stations:*
 - the armoured 380 kV line has come into service at the Priolo ES;
- **380 kV Udine Ovest-Redipuglia power line:**
 - *power lines:*
 - work on procuring the supplies is continuing, the foundations are being laid and assembly of the pylons has begun;
 - *electrical substation:*
 - at the Udine Ovest substation electromechanical assemblies and assembly of the auxiliary/general services have been completed; construction of the protection, command and control system is being completed;
- **380 kV Foggia-Villanova power line:**
 - *power lines:*
 - work on procuring the supplies and on laying the foundations is continuing; assembly of the pylons has also begun;
 - *electrical substations:*
 - expansion of the 380 kV section in GIS has been completed with entry into service of 2 380/120 kV ATRs at the Villanova electrical substation; work is continuing on inserting the second 380/150 kV ATR into the grid and on restructuring the 120 kV section;
 - the civil works for aerial expansion of 2 bays in line of the 380 kV section at the Gissi electrical substation have been finished;
- **Storage systems:**
 - *“Energy Intensive” Projects*
 - work is continuing on creating the storage plants at the Flumeri (6 MW) and Scampitella (10.8 MW) sites;
 - *“Power Intensive” Projects*
 - a further MW has come into service at Ciminna; as regards the remaining MWs: approval testing work at the Ciminna (2.8 MW) site and building activities at the Codrongianos (2.6 MW) site are in progress.

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

Investments in intangible assets include the actions aimed at upgrading and developing software and for the remainder investments related to the dispatching infrastructures.

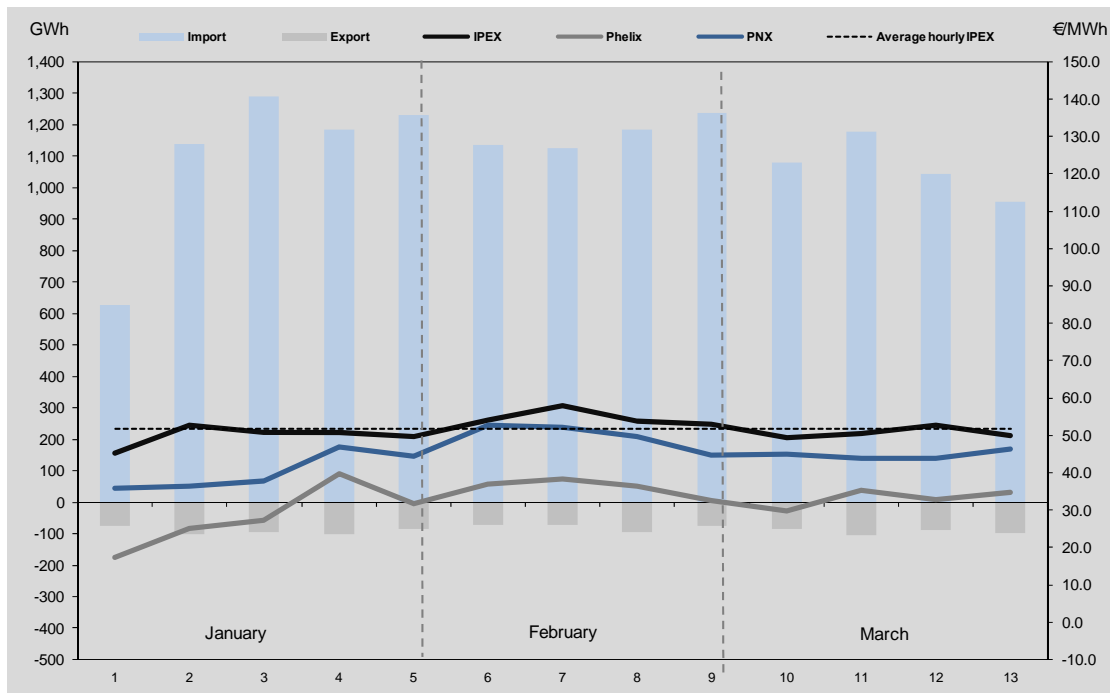
Electrical energy dispatching

As described in the paragraph “Energy Context” in the first section of the document, in the first quarter of 2015 demand for electricity was 78,117 million kWh, met in part with net national production (65,063 million kWh) and for the excess with net imports from abroad (13,504 million kWh).

The **hourly average price on the Italian energy exchange (IPEX/PUN)** was 51.8 €/MWh (in line compared with the same period of the previous year) again on average higher than on the other European exchanges:

- French price (PNX): 44.9 €/MWh (a +19% increase compared with the first quarter of 2014, with a spread down compared with the PUN);
- price on the German energy exchange (EEX/PHELIX): 32.1 €/MWh (a -4% reduction compared with the first quarter of 2014, with a spread substantially in line compared with the PUN);

The foreign trade and the weekly average prices of the first three months of 2015 are presented below:



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

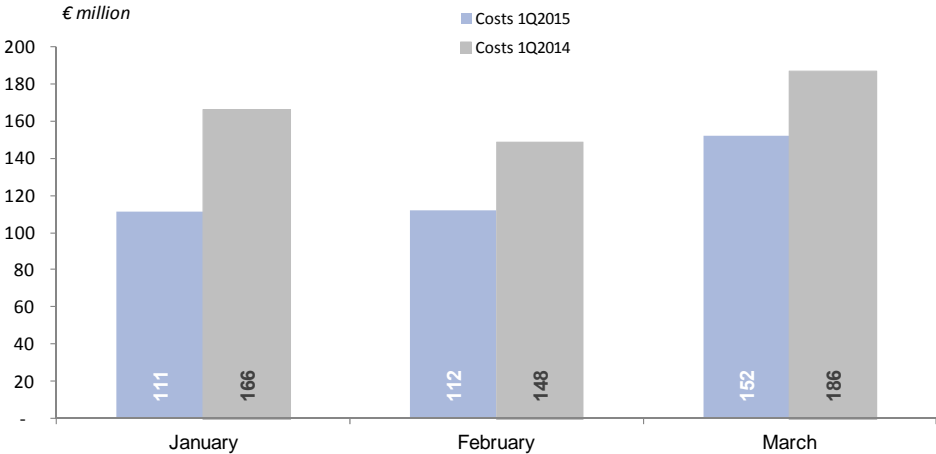
The reduction in production from renewable and hydro sources was offset by a reduction in the prices offered by the remaining production plants, in particular of the thermoelectric type. This reduction was due to a significant extent to the fall in the zonal price in Sicily, given the new UESS system which imposes on all of the largest plants an offer aligned to the production costs.

In this context, on 25 February “market coupling” began at the borders with France, Austria and Slovenia for the commercial exchanges made in the previous day, as commented on in the discussion of the significant events in the first quarter of 2015, to which you are referred. The introduction of this mechanism make the allocation of interconnection capacity more efficient with the opportunity to form a single price with neighbouring countries.

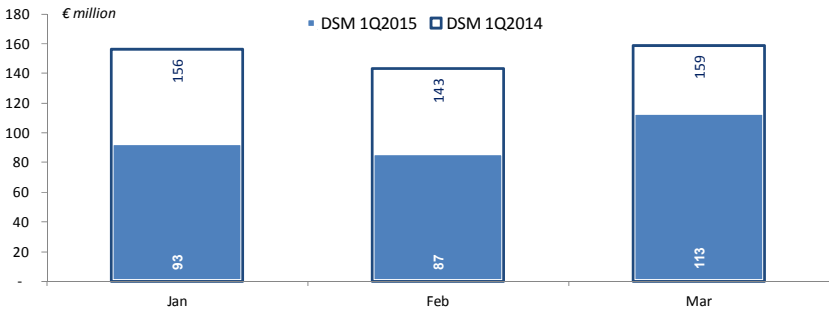
The **Fee for provisioning of resources on the Dispatching Service Market** (known as *Uplift*), pursuant to AEEGSI Resolution no. 111/06 Art. 44 and subsequent amendments, represents the net expense associated with the following energy-related items: purchases and sales on the Dispatching Service Market (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 and other minor 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 three months of 2015 the **total cost was € 375 million⁷**, significantly down compared with the same period of the previous year, owing both to a volume effect (less resources procured in virtue of development work) and to a price effect (reduction in the selling price asked by operators).

The graph below shows the final cost (“Costs”) in terms of a monthly unit price.



With regard to purchases and sales on the **Dispatching Service Market** in the first quarter of 2015, **Terna procured resources for a net expense of € 293 million⁷**, a sharp fall compared to the corresponding period of the previous year.



⁷ Provisional data for March.

Research and Development

When introducing technological and plant solutions aimed at improving the reliability of power plants and, in turn, service quality, Terna technicians base their work on careful analysis of the performance of plants and continuous comparison with best practices. Terna also uses the specialised support of manufacturers, collaboration with universities, RSE S.p.A. (Ricerca Sistema Energetico) and CESI S.p.A., a specialised service company in which it has a 42.698% equity interest.

In particular, in the first three months of 2015 the Terna Group incurred total costs of €2.7 million in respect of the associate CESI S.p.A., of which €2.4 million were capitalised.

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

- ***Structures and materials***

Work continues on designing pylons with reduced visual impact and which are more easily integrated into the surrounding environment, as well as on researching conductors able to boost the transmission capacity of existing overhead lines, and on developing new technology for high-voltage cables. We can note the following activities in the period:

- completion of the engineering of new single-stem pylons;
- continuation of the research on new high-performance conductors which allow improved performance of power lines without affecting their appearance;

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

As regards the plant configurations Terna is proceeding to study, in agreement with the equipment manufacturers, new solutions for compact and/or mobile substations useful for containing plant construction times and required space, and restoring operations quickly in the event of an emergency. In the period, for the first time in the world, in the Sorgente electrical substation in Sicily a 420 kVca Multi-function Compact Module was installed..

- ***Environment***

The aim of research is to guarantee greater resistance of plants in the event of external, potentially dangerous events such as earthquakes, fires, and severe environmental conditions:

- in collaboration with Roma Tre University, a study on the seismic vulnerability of the plants was completed. This is an area in which Terna has obtained a patent for the Wipe - Rope TRI system.. The plan to install the technology in stations located in sites with a high seismic risk has been 90% completed, and assessment of implementation in sites with medium risk is in progress;
- an installation campaign in northern Italy of the anti-rotation device for overhead conductors has been launched. This device is able to counteract the formation and growth of “sleeves” of wet snow. Implementation of a software model that predicts the formation of “sleeves” of ice has also begun.

The new Terna Research Plan

In the area of research and development Terna has also prepared a specific **Research Plan** aimed at developing innovative projects, for some of which the activities were begun in the first quarter of 2015.

The projects launched in the quarter regard in particular the following areas of study:

- **innovative measurement transformers (so-called optical ATs):** testing began, in the laboratory and in the field, of this type of transformer, which is intrinsically safe, both from an environmental perspective (no oil or SF₆) and in terms of the physical safety of people and objects.
- **complete online monitoring of electrical substations:** launch of the testing stage at a “pilot” electrical substation (Lacchiarella ES in Lombardy) with subsequent gradual implementation at other plants, according to a priority plan based on technical and environmental impact considerations;
- **mitigation of electrical and magnetic fields.**

Personnel

At 31 March 2015, the Terna Group had 3,717 employees. Details of the composition of Terna Group employees at the end of the period are shown below:

| Change in the workforce* | at 31.03.2015 | at 31.12.2014 | Change |
|--------------------------|---------------|---------------|-------------|
| Senior executives | 72 | 68 | 4 |
| Junior management | 547 | 557 | (10) |
| Office staff** | 1,965 | 2,007 | (42) |
| Production workers | 1133 | 1165 | (32) |
| Total | 3,717 | 3,797 | (80) |

* The figures, for both periods of reference, do not include retirements with effect from 31 March 2015 and 31 December 2014, respectively.

** Includes office staff of Terna Crna Gora with local contracts (Montenegro).

The number of personnel at the end of the period showed a decrease of 80 employees compared with 31 December 2014.

The total number of employees who left, 121, did so owing mostly (115) to the initiative launched by the company in the last quarter of 2014, aimed at bringing forward generational turnover through incentives for the voluntary choice of retirement for employees close to eligibility for a pension. In particular, the first stage of the initiative ended successfully and the employees who opted for voluntary retirement were partially replaced by most of the new recruits who joined in the first quarter of 2015, a total of 41. The initiative in question, more specifically, offered early retirement incentives for employees who became eligible for receiving a pension as of 31 March 2015, based on their age. This initiative was repeated in March 2015 for employees who achieve the pension requirements by 31 December 2015.

The breakdown by company of the number of employees at 31 March 2015 is illustrated in the table below:

| At 31.03.2015 | 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 executives | 26 | 35 | 2 | - | 9 | - | 72 |
| Junior management | 146 | 377 | 6 | 3 | 15 | - | 547 |
| Office staff | 226 | 1,608 | 4 | 4 | 119 | 4** | 1,965 |
| Production workers | - | 919 | - | - | 214 | - | 1,133 |
| TOTAL | 398 | 2,939 | 12 | 7 | 357 | 4 | 3,717 |

* Includes three employees of Tamini Transformers USA LLC, a US company which belongs to the Tamini Group.

** Local employees.

The Group's Performance

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 already illustrated in the section “The organisational structure”, the change in the consolidation scope of the Terna Group compared with the situation at 31 December 2014 regarded the incorporation of the company **Piemonte Savoia S.r.l.** with sole shareholder Terna Interconnector.

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 2014.

Economic results

The results of the Terna Group for the first three months of 2015 compared with the same period of the previous year, are summarised in the following operating income statement.

| € million | 1Q2015 | 1Q2014 | Δ | Δ% |
|--|--------------|--------------|-------------|--------------|
| Revenues: | | | | |
| - Transmission fee | 443.3 | 417.2 | 26.1 | 6.3% |
| - Dispatching fee | 31.8 | 30.9 | 0.9 | 2.9% |
| - Other operating revenue | 35.2 | 25.7 | 9.5 | 37.0% |
| <i>of which other revenue from Regulated Activities</i> | 3.7 | 9.0 | (5.3) | (58.9%) |
| <i>of which revenue from Non-Regulated Activities</i> | 31.5 | 16.7 | 14.8 | 88.6% |
| - Revenue from construction of assets in concession ⁸ | 3.0 | 4.2 | (1.2) | (28.6%) |
| Total revenue | 513.3 | 478.0 | 35.3 | 7.4% |
| Operating expenses: | | | | |
| - Personnel expenses | 56.3 | 51.3 | 5.0 | 9.7% |
| - Services, leases and rentals | 30.9 | 25.4 | 5.5 | 21.7% |
| - Materials | 12.5 | 2.2 | 10.3 | 468.2% |
| - Other expenses | 9.0 | 4.7 | 4.3 | 91.5% |
| - Costs of construction of assets in concession ⁸ | 3.0 | 4.2 | (1.2) | (28.6%) |
| Total operating expenses | 111.7 | 87.8 | 23.9 | 27.2% |
| EBITDA (GROSS OPERATING PROFIT) | 401.6 | 390.2 | 11.4 | 2.9% |
| Amortisation, depreciation and impairment | 120.3 | 112.9 | 7.4 | 6.6% |
| EBIT (OPERATING PROFIT/LOSS) | 281.3 | 277.3 | 4.0 | 1.4% |
| - Net financial income (expense) | (31.0) | (31.4) | 0.4 | (1.3%) |
| PROFIT/LOSS BEFORE TAXES | 250.3 | 245.9 | 4.4 | 1.8% |
| - Income taxes for the period | 85.1 | 100.7 | (15.6) | (15.5%) |
| NET PROFIT FOR THE PERIOD | 165.2 | 145.2 | 20.0 | 13.8% |

In the first three months of 2015, the Terna Group achieved **revenue** of **€ 513.3 million**, of which €440.9 million for the Parent Company and €50 million for the subsidiary Terna Rete Italia S.r.l., an increase of €35.3 million compared to the previous year (+7.4%); this change was due to Regulated Activities, for €+21.7 million, and to a lesser extent to Non-Regulated Activities, for €14.8 million. Revenue from investments in assets in concession contributed to the difference with a reduction of €1.2 million.

In particular in the area of **Regulated Activities**, the increase of €21.7 million derives mainly from **transmission fees** (€+26.1 million) and from **dispatching fees** (€+0.9 million) which reflect the tariff update for the year 2015. The change in Other operating revenue from Regulated Activities (€-5.3 million) mainly reflects the recognition in the first quarter of 2014 of the supplementary premium associated with the RENS service quality mechanism for financial year 2012 (€+5.7 million, pursuant to AEEGSI Resolution 118/2014).

⁸ Recognised pursuant to IFRIC 12 "Service Concession Arrangements".

The revenue from **Non-Regulated Activities**, which increased by €14.8 million, reflects the revenue from work orders carried out in the quarter by the Tamini Group and not included in the consolidation scope in the period of comparison (€+19.1 million) net of the reduction in other specialist services to third parties in particular activities related to work orders for changes to the NTG (€ -4.7 million; the first quarter of 2014 was affected by more activities associated with the Expo).

In the first quarter of 2015 **operating expenses**, of €111.7 million, increased in comparison with the corresponding period of 2014 (€+23.9 million), substantially as a result of the Operating expenses recognised in the period for the operations of the Tamini Group (€19.5 million).

Details of the Group's operating expenses in the quarter are presented in the table below:

| € million | 1Q2015 | 1Q2014 | Δ Total | Δ 1Q (same scope) | Tamini Group |
|---|--------------|-------------|-------------|----------------------|--------------|
| Personnel expenses | 56.3 | 51.3 | 5.0 | 0.4 | 4.6 |
| Services, leases and rentals | 30.9 | 25.4 | 5.5 | 1.2 | 4.3 |
| Materials | 12.5 | 2.2 | 10.3 | 0.0 | 10.3 |
| Other expenses | 9.0 | 4.7 | 4.3 | 4.0 | 0.3 |
| Costs of construction of assets in concession | 3.0 | 4.2 | (1.2) | (1.2) | - |
| Total expenses | 111.7 | 87.8 | 23.9 | 4.4 | 19.5 |

Operating expenses, net of the Tamini Group's balances, recorded an increase of €4.4 million, as detailed below:

- "Personnel expenses": €+0.4 million owing essentially to lower capitalisations attributable to more executive activities associated with the various stages of progress of the main projects in the two comparable quarters;
- "Services, leases and rentals": €+1.2 million, substantially related to higher costs for contract work, maintenance and services;
- "Other expenses": €+4 million, mainly due to higher transmission service quality expenses following the outage events which occurred in the period⁹ (€+1.6 million) and to the provision for 2015 IMU (€+3 million);

The overall change in operating expenses also takes into account the lower costs associated with investments in infrastructures in concession (€-1.2 million).

The economic effects of the bonus/penalty mechanisms related to service quality for the first quarter of 2015, compared with the corresponding period of 2014 are shown in detail in the table below:

⁹ In the paragraph "Significant events in the first quarter of 2015" the main outage events which occurred in the quarter are commented on and the trend in the Regulated Energy Not Supplied (RENS) index attributed to the grid owned by Terna S.p.A. and by the subsidiary Terna Rete Italia S.r.l. is described.

| Electricity service quality | | | |
|--|---------------|---------------|--------------|
| | 1Q2015 | 1Q2014 | Δ |
| Revenue | | | |
| RENS bonus supplement 2012 | - | 5.7 | (5.7) |
| | - | 5.7 | (5.7) |
| Costs | | | |
| Mitigation and sharing mechanisms | 1.4 | 0.2 | 1.2 |
| Grants to Exceptional Events Provision | 0.4 | - | 0.4 |
| | 1.8 | 0.2 | 1.6 |
| Net service quality impact | (1.8) | 5.5 | (7.3) |

EBITDA (Gross Operating Margin) for the period came out at **€ 401.6 million**, an increase of € 11.4 million compared with the € 390.2 million of the first three months of 2014.

The **EBITDA margin** went down from 81.6% in the first quarter of 2014 to 78.2% in the corresponding period of 2015, owing substantially to the dilutive effect of the contribution of the Tamini Group.

The item **amortisation, depreciation and impairment** for the period, amounting to € 120.3 million (of which € 107.3 million of the parent company and € 12 million of the subsidiary Terna Rete Italia S.r.l.), grew by € 7.4 million compared with the same period of 2014 mainly due to the entry into operation of new plants.

EBIT (Operating Profit/Loss), after deducting amortisation, depreciation and impairment, came out at **€ 281.3 million**, compared with € 277.3 million in the first three months of 2014 (+1.4%).

Net financial expense for the period amounted to € 31 million, mainly attributable to the parent company, (€ 30.9 million), and was slightly down compared to the figure for the same period of 2014 (€ -0.4 million).

After deducting net financial expense, **profit before taxes** came out at **€ 250.3 million**, up by € 4.4 million compared with the corresponding period of the previous year (+1.8%).

Income taxes for the period amounted to **€ 85.1 million** and, with a higher pre-tax profit, fell compared with the same period of the previous year by € 15.6 million (-15.5%) following the fiscal benefit on current taxes deriving from:

- reduction of the IRES rate from 27.5% from 2015 following the declaration of unconstitutionality of the surcharge introduced by Law Decree no. 112/2008 (the so-called Robin Hood Tax)¹⁰;
- deductibility of permanent personnel expenses for IRAP purposes introduced by the 2015 Stability Law starting from the current year.

The **tax rate** for the period therefore drops from 41% in the first three months of 2014 to 34% in the corresponding period of 2015.

Net profit for the period reached **€ 165.2 million**, up € 20 million (+13.8%) compared with the € 145.2 million of the first quarter of 2014.

¹⁰ On 11 February 2015 the Constitutional Court published Judgement 10/2015, with which it declared unconstitutional the so-called Robin Hood Tax. Given that, in the Court's opinion, "the retroactive application of this declaration of unconstitutionality would create a serious violation of the balance of the budget" of the State, sanctioned in Article 81 of the Constitution, "the unconstitutionality is effective as of the day following the publication of this ruling."

Results by business segment

Economic results

The breakdown of the Terna Group's results by business segment, in relation to the first quarter of financial years 2015 and 2014, is shown in the table below¹¹:

| € million | 1Q2015 | 1Q2014 | Δ | Δ% |
|--|--------------|--------------|-------------|---------------|
| Total revenue from Regulated Activities | 478.8 | 457.1 | 21.7 | 4.7% |
| Transmission fee | 443.3 | 417.2 | 26.1 | |
| Dispatching revenues | 31.8 | 30.9 | 0.9 | |
| Quality of service | - | 5.7 | (5.7) | |
| Other core revenue | 3.7 | 3.3 | 0.4 | |
| Total revenue from Non-Regulated Activities | 31.5 | 16.7 | 14.8 | 88.6% |
| Tamini Group revenue | 19.1 | | 19.1 | |
| Other non-regulated revenue | 12.4 | 16.7 | (4.3) | |
| Revenue from construction of assets in concession | 3.0 | 4.2 | (1.2) | |
| Total revenue | 513.3 | 478.0 | 35.3 | 7.4% |
| Total costs of Regulated Activities | 85.5 | 80.8 | 4.7 | 5.8% |
| Personnel | 49.3 | 49.3 | 0.0 | |
| External resources | 28.0 | 27.3 | 0.7 | |
| Quality of service | 1.8 | 0.2 | 1.6 | |
| Other charges | 6.4 | 4.0 | 2.4 | |
| Total costs of Non-Regulated Activities | 23.2 | 2.8 | 20.4 | 728.6% |
| Tamini Group costs | 19.5 | | 19.5 | |
| Other non-regulated costs | 3.7 | 2.8 | 0.9 | |
| Costs from construction of assets in concession | 3.0 | 4.2 | (1.2) | |
| Total operating expenses | 111.7 | 87.8 | 23.9 | 27.2% |
| EBITDA | 401.6 | 390.2 | 11.4 | 2.9% |
| EBITDA Regulated Activities ¹² | 393.3 | 376.3 | 17.0 | 4.5% |
| EBITDA Non-Regulated Activities | 8.3 | 13.9 | (5.6) | (40.3%) |

Regulated Activities

The **EBITDA of Regulated Activities** amounted to €393.3 million, up €17 million compared to the figure for the first quarter of the previous year. This increase was due to higher revenue (€+21.7 million) associated substantially with the grid transmission fee – which takes into account the update of tariffs for 2015 – partially offset by the lower results of service quality (impacted by the recognition of the contingent RENS in 2014 of €5.7 million and by higher operating expenses in 2015 of €1.6 million associated with the mitigation mechanisms) and by the provision for 2015 IMU (€+3 million).

¹¹ The Terna Group's business segments are in keeping with the internal management control system adopted by the Parent Company, in line with the 2015-2019 Strategic Plan.

¹² Note that conventionally, indirect costs are entirely attributed to the EBITDA for Regulated Activities.

Non-Regulated Activities

The **EBITDA of Non-Regulated Activities** came out at €8.3 million down €5.6 million owing mainly to more specialist services to third parties provided in the first three months of 2014 associated in particular with the activities related to orders for changes to the NTG (for the Milan East External Ringroad and Expo 2015).

Investments

In the first three months of 2015, the Terna Group made investments for €177.2 million, of which €166.9 million (approximately 94%) were investments in Regulated Activities, i.e. remunerated by the AEEGSI; in particular, with reference to remunerated investments, we can note that:

- 45% receives extra remuneration of 2% (investment categories I3 and I4);
- 38% benefits from extra remuneration of 1.5% (investment category I2);
- 17% receives the basic remuneration (investment category I1).

| Investments | 1Q2015 | 1Q2014 | Δ | Δ% |
|--|--------------|--------------|-------------|--------------|
| Incentive +2% (Category I3/I4) | 74.4 | 71.2 | 3.2 | 4.5% |
| Incentive +1.5% (Category I2) | 63.4 | 46.7 | 16.7 | 35.8% |
| Investments with incentives | 137.8 | 117.9 | 19.9 | 16.9% |
| Basic remuneration (Category I1) | 29.1 | 35.8 | (6.7) | (18.7%) |
| Investments in Regulated Activities | 166.9 | 153.7 | 13.2 | 8.6% |
| Other ¹³ | 10.3 | 10.6 | (0.4) | (3.8%) |
| Total investments | 177.2 | 164.3 | 12.8 | 7.8% |

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

¹³ These include investments in Non-Regulated Activities and capitalised borrowing costs.

Equity results

The Terna Group's operating and financial position at 31 March 2015 and at 31 December 2014 is summarised in the table below.

| € million | at 31.03.2015 | at 31.12.2014 | Δ |
|--|------------------|-----------------|----------------|
| Net non-current assets | | | |
| - Intangible assets and goodwill | 442.9 | 452.5 | (9.6) |
| - Property plant and equipment | 10,834.6 | 10,778.6 | 56.0 |
| - Financial assets | 90.7 | 91.3 | (0.6) |
| Total | 11,368.2 | 11,322.4 | 45.8 |
| Net working capital | | | |
| - Trade receivables | 580.1 | 670.8 | (90.7) |
| - Inventories | 29.4 | 21.6 | 7.8 |
| - Other assets | 22.2 | 24.4 | (2.2) |
| - Trade payables | 589.4 | 742.9 | (153.5) |
| - Net payable for pass-through energy items | 717.6 | 453.9 | 263.7 |
| - Net tax liabilities | 124.6 | (6.2) | 130.8 |
| - Other liabilities | 353.2 | 347.0 | 6.2 |
| Total | (1,153.1) | (820.8) | (332.3) |
| Gross invested capital | 10,215.1 | 10,501.6 | (286.5) |
| Sundry provisions | 429.6 | 440.9 | (11.3) |
| NET INVESTED CAPITAL | 9,785.5 | 10,060.7 | (275.2) |
| Equity attributable to the owners of the Parent | 3,267.3 | 3,092.9 | 174.4 |
| Net financial debt | 6,518.2 | 6,967.8 | (449.6) |
| TOTAL | 9,785.5 | 10,060.7 | (275.2) |

The increase in **Net non-current assets** of €45.8 million, compared with the figure of 31 December 2014, is mainly attributable to the item **Property, plant and equipment**, owing essentially to the combined effect of:

- investments for €172.8 million;
- depreciation and amortisation for the period of €106.3 million.

Disposals and other changes in the period, such as the recognition of set-up grants, accounted for the change in the item to €+56 million compared to 31 December 2014.

Intangible assets and goodwill recorded a reduction of €9.6 million, mainly attributable to ordinary changes in intangible assets for investments of €4.4 million net of the amortisation for the period of €14 million.

Total investments made by the Group in the first three months of 2015 amounted to €177.2 million up €12.9 million compared with the €164.3 million of the corresponding period of 2014 (+7.9%).

Net working capital amounted to **€ -1,153.1 million** and during the period provided cash of €332.3 million, owing essentially to the combined effect of:

Liquidity generated

- increase of **net energy-related pass-through payables** related to the electrical energy dispatching activity carried out by the Parent Company, of €263.7 million, attributable to non-liquidation (after a AEEGSI resolution) of items related to collection in the period from users of the dispatching of the fees remunerating the EUSs (Essential Units for Electricity System Security) and the Capacity Payment (Availability of production capacity). Also important was the reduction in the receivable for uplift following the reduction of the unit price and the adjustments made in the quarter;
- increase in net tax liabilities (€130.8 million) mainly due to the recognition of income taxes for the period (€92.2 million) and the higher net debt for VAT (€40.8 million);
- decrease in **trade receivables** of €90.7 million due mainly to the collection from CCSE of the receivable supplementing the 2013 revenue, pursuant to AEEGSI Resolution 653/2014 (€91.2 million), which occurred in February;

Liquidity absorbed

- a reduction in trade payables of €153.5 million mostly for purchases and services relating inter alia to greater investment activities implemented in the last period of the previous year.

Gross invested capital, therefore, amounted to €10,215.1 million, recording a decrease compared with the previous financial year of €286.5 million.

Sundry provisions, of €429.6 million, recorded a decrease of €11.3 million, mainly attributable to provisions for early retirement incentives and provisions for employee benefits (a total of €9.6 million) connected with the corporate reorganisation plan launched by the Parent Company during the previous year. The use of net deferred taxes of €3.5 million is partially offset by the provision for risks for the 2015 IMU tax (€+3 million).

Net invested capital amounted to €9,785.5 million, a decrease of €275.2 million compared with 31 December 2014 and is financed by shareholders' equity for €3,267.3 million (compared with €3,092.9 million at 31 December 2014) and by net financial indebtedness for €6,518.2 million (€-449.6 million compared with the €6,967.8 million of 31 December 2014).

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

A reconciliation of consolidated equity and profit for the period with the amounts reported by the Parent is provided below:

| <i>€ million</i> | Net profit 1Q2015 | Equity at 31.03.2015 |
|--|----------------------|-------------------------|
| Financial Statements of the Parent Company | 141.7 | 2,907.7 |
| Results and equity contributed by the Group Companies in Regulated Activities business | 24.1 | 266.4 |
| Results and equity contributed by the other Group companies in Non-Regulated Activities business | (1.7) | 65.0 |
| Equity-accounted investees | 1.1 | 28.2 |
| Terna Group Consolidated Financial Statements | 165.2 | 3,267.3 |

Cash flows

Net financial debt

The Group's net financial debt at 31 March 2015 (€6,518.2 million) is broken down in the table below.

| € million | 31.03.2015 | 31.12.2014 | Δ |
|---|------------------|----------------|------------------|
| Financial debt | | | |
| A. Medium- and long-term debt | | | |
| - Bond | 6,997.8 | 5,983.6 | 1,014.2 |
| - Floating-rate loans | 2,056.9 | 2,101.6 | (44.7) |
| - Derivative financial instruments | (782.5) | (754.9) | (27.6) |
| Total | 8,272.2 | 7,330.3 | 941.9 |
| B. Short-term debt (liquidity): | | | |
| - Floating-rate loans (current portions) | 774.0 | 764.1 | 9.9 |
| - Bonds (current portion) | - | - | - |
| - Derivative financial instruments | 1.3 | 5.6 | (4.3) |
| - Other net current financial liabilities | 30.7 | 85.1 | (54.4) |
| - Cash and cash equivalents | (2,560.0) | (1,217.3) | (1,342.7) |
| Total | (1,754.0) | (362.5) | (1,391.5) |
| Total net financial debt | 6,518.2 | 6,967.8 | (449.6) |

The structure of net financial debt, which decreased overall in the first quarter of 2015 by €449.6 million, presents the following changes:

- an increase in bonds (€1,014.2 million) as a result of the bond issue on 19 February 2015 for €1 billion and of the adjustment to fair value of the said financial instruments (€+17.8 million, including the amortised cost) net of the effect of the reduction in the value of the inflation-linked bond attributable to the negative inflation rate figure of the period (€-3.6 million);
- a decrease in floating-rate loans (€34.9 million), owing essentially to repayment of the EIB loan instalments due;
- an increase in the positive net balance of derivative financial instruments (€31.9 million), mainly due to the reduction in the reference interest rate curve with respect to December 2014;
- an increase in cash and cash equivalents (€1,342.7 million).

Cash flow

The consolidated cash flow at 31 March 2015 and 31 March 2014 is presented in the statement below.

| € million | Cash flow 1Q2015 | Cash flow 1Q2014 |
|--|---------------------|---------------------|
| - Profit for the period | 165.2 | 145.2 |
| - Amortisation, depreciation and impairment | 120.3 | 112.9 |
| - Net financial expense | 31.0 | 31.4 |
| - Net change in provisions | (11.3) | (7.6) |
| - Net losses (gains) on asset disposals | (0.8) | - |
| Self-financing (Operating Cash Flow) | 304.4 | 281.9 |
| - Change in net working capital | 332.3 | (51.6) |
| - Other changes | 21.1 | 8.7 |
| Change in NWC and other (Cash Flow from Operating Activities) | 657.8 | 239.0 |
| - Total investments | (177.2) | (164.3) |
| Free Cash Flow | 480.6 | 74.7 |
| - Net financial expense | (31.0) | (31.4) |
| Change in net financial debt | 449.6 | 43.3 |

The cash provided by operating activities in the first quarter of 2015 is attributable substantially to self-financing (of €304.4 million) and to the financial resources generated by the net working capital (€332.3 million) and to other changes (€21.1 million).

The most substantial effect on **self-financing** was that of profit for the first quarter of 2015, €165.2 million, gross of amortisation, depreciation and impairment accruing of €120.3 million and net financial expense for the period (€31.0 million). The reduction in provisions of €11.3 million reflects the change in provisions for risks and benefits relating to personnel.

The cash generation of **net working capital**, of €+332.3 million, is mostly attributable to the management of items of a commercial nature (including pass-through energy) and to the increase in tax payables owing mainly to the recognition of taxes accruing to the quarter.

The Group's **total investments** made in the quarter amounted to €177.2 million referable to property, plant and equipment for €172.8 million and to intangible assets for €4.4 million.

Therefore the **free cash flow** provided by operating activities amounted to €480.6 million.

The operations described above enabled a reduction in Net financial debt of €449.6 million, after covering the need deriving from **remuneration of third-party capital** (net financial expense of €31 million).

Sustainability performance

Terna at the top of global sustainability

On **20 January 2015**, for the third year the Company led by Catia Bastioli and Matteo Del Fante was included in the Gold Class of the RobecoSAM, Sustainability Yearbook 2015, which assesses the performance of the sustainability policies of the 3,000 largest global companies, confirming the solidity of an Italian company which has always pursued its business objectives through a sustainable approach.

With a score among the highest in the basket, Terna is one of only three global companies included in the Gold Class of the Electric Utilities sector, that is the most performing companies in terms of sustainability. For Italy only 4 companies are included in the Gold Class of the respective sector.

Over time continuous improvement of its Environmental, Social and Governance (ESG) performance has earned Terna constant growth in sustainability ratings, appreciation of socially responsible investors and inclusion in the main international stock exchange sustainability indexes, including the Dow Jones Sustainability (World and Europe), STOXX Global ESG, FTSE4Good (Global e Europe), ECPI, FTSE ECPI; MSCI, ASPI Eurozone, Ethibel and Axia.

Significant events subsequent to 31 March 2015

Incorporation of the company **Monita Interconnector S.r.l.**

As part of the process of carrying out the Group's Non-Regulated Activities, with particular reference to the creation and management of infrastructures for interconnection with other countries, on **13 April 2015** the parent company Terna and the subsidiary Terna Rete Italia S.p.A. incorporated the company **Monita Interconnector S.r.l.** with share capital of €10,000, subscribed 95% by Terna S.p.A. and the remainder by the aforesaid subsidiary.

Declaration by the Executive in Charge for 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 Financial Reporting Manager, Pierpaolo Cristofori, in accordance with Art. 154-*bis*, paragraph 2 of the Consolidated Law on Finance, declares that the accounting disclosure provided in this Consolidated Interim Financial Report at 31 March 2015 is consistent with the documents, books and accounts.

ANNEX – “Organisation and reference context” 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 first quarter 2015 and, subsequently, up to the date of preparation of the present Consolidated Interim Financial Report.

Measures issued in 2014 with effect from 2015

Italian Law no. 190 of 23 December 2014 containing “Provisions for drafting the annual and multi-year financial statement of the State (2015 Stability Law)”, published in the Italian Official Journal of 29 December 2014, no. 99.

The Stability Law provides for inclusion of the High and Extra High Voltage electricity grids and of the related portions of stations owned by Ferrovie dello Stato Italiane S.p.A. or its subsidiaries in the National Electricity Transmission Grid; the inclusion is conditional on completion of the acquisition of the above assets by Terna or one of its subsidiaries.

Upon completion of the acquisition, the concessions, authorisations and all other administrative provision concerning these assets shall be understood to have been validly and effectively issued in favour of the purchaser.

On the subject of taxes, the Stability Law provides for an increase in the rates to be applied on the revaluation of severance pay and on the net result of pension funds. It also foresees, for the 2015 tax period, deductibility of permanent employment costs for the purposes of IRAP and contribution relief for new hires. The maximum limit for the TASI rate is confirmed at 2.5 per thousand again in 2015.

The law also provides for the possibility for workers to request, for the pay periods from 1 March 2015 to 30 June 2018, the payment of the portion maturing of termination benefits in the pay packet and establishes the “income tax bonus” of €80 a month for incomes up to €24 thousand a year and, in a lower amount, for employees with incomes from €24 to €26 thousand a year.

A subsidised tax regime is introduced for income deriving from the use of intellectual property, industrial patents and other corporate intangible assets. The assistance consists in a 50% exclusion of taxation on this income and is granted through prior agreement with the Tax Authority.

In addition, the 2015 Stability Law extends the reverse charge rules to transfers of electricity to a taxpayer-reseller for a period of 4 years, from 1 January 2015.

Italian Law Decree no. 192 of 31 December 2014 on “Extension of the terms envisaged by legislative measures” published in Italian Official Journal no. 302 of 31 December 2014, converted with Italian Law no. 15 of 27 February 2015, published in Italian Official Journal no. 49 of 28 February 2015.

The Law Decree extends the obligation to pay an advance on work contracts for 2015 and 2016. For 2015 it also introduces an increase in the obligatory advance which goes up from 10 to 20 per cent of the amount. The Decree also postpones to 2016 the effectiveness of the provision that abolishes the obligation for the taxpayer to present online, by the end of February of each year, a communication of the data on value added tax with reference to the previous calendar year and the obligation to present the annual single tax return for subjects whose tax period coincides with the calendar year obliged to present an income tax return and an annual return for VAT purposes.

Measures issued in 2015

➤ **On tax and social security contributions**

Italian Law no. 34 of 24 March 2015, “Conversion into law, with amendments, of Italian Law Decree no. 4 of 24 January 2015, containing urgent measures on IMU exemptions. Extension of the terms concerning exercise of the delegated powers on revision of the tax system”, published in Italian Official Journal no. 70 of 25 March 2015.

The law lays down an extension of the terms for implementing the delegated tax powers pursuant to Italian Law no. 23 of 11 March 2014. The term for adopting the implementing decrees is therefore extended from 27 March to 27 June 2015. In addition, this term may be extended for a further 90 days if this becomes necessary for expression of the opinions on the draft legislative decrees by the competent parliamentary commissions. Among the criteria of the delegated powers, we can note the introduction of new forms of environmental and energy taxes and the reform of the land registry.

The same law converts Italian Law Decree 4/15, laying down the exemptions for agricultural land located in totally mountain municipalities and, if possessed and cultivated by direct farmers and professional agricultural entrepreneurs, in partially mountain municipalities. The exemption was extended, with application already from 2014, also to agricultural or uncultivated land located in the municipalities of the smaller islands.

➤ **On employment**

Italian Legislative Decree no. 23 of 4 March 2015, containing “Provisions on the subject of permanent employment contracts with growing protections, implementing Italian Law no. 183 of 10 December 2014”.

The measure implements one of the delegated powers contained in Italian Law 183/14, introducing the contracts with growing protections. The new rules on permanent contracts applies to employees taken on permanently from a date subsequent to 6 March 2015. The new penalty system provides for re-employment only in cases of dismissal which is ineffective because it is communicated orally, dismissal which is invalid because it is discriminatory, total non-existence of the alleged conduct and collective

dismissal communicated without observing the written form. In other cases of illegitimate dismissal, a monetary penalty is provided for in the form of compensation, equal to 2 months' pay (one in the case of mere formal or procedural defect) for each year of service, in any case not less than 4 and not more than 24. The decree also states that the employer may make a conciliatory offer equal to 1 month's pay for each year of service (in any case not less than 2 and not more than 18), which once accepted by the worker precludes the possibility of a subsequent appeal against dismissal.

➤ **On development and loans to businesses**

Italian Law Decree no. 3 of 24 January 2015 on “Urgent measures for the banking system and investments” published in Italian Official Journal no. 19 of 24 January 2015, converted with Italian Law no. 33 of 24 March 2015, published in Italian Official Journal no. 70 of 25 March 2015.

The Decree confers on Cassa Depositi e Prestiti the possibility to grant loans directly in support of exports and the internationalisation of the Italian economy. The activity may be carried on directly, through the SACE or, after authorisation from the Bank of Italy, through another subsidiary.

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 first quarter of 2015 and, later, up to the date of preparation of this Consolidated Interim Financial Report.

Resolutions adopted in 2014 with impact in 2015

Resolution 653/2014/R/eel – Update of the fees for electricity transmission services, for the year 2015

With this measure, the Authority provided for the updating of the tariffs for the electricity transmission service for the year 2015. The main changes concern:

- updating of the CTR component, made equal to €0.719/kWh;
- the inclusion of the costs of investments related to the Italy - Montenegro cable made outside of Italian territory within the transmission service remuneration items;
- the payment to Terna, by the Electricity Sector Adjustment Fund, of the 2013 revenue additions, including the adjustments on invoicing figures for the 2009-2012 period, for a total amount of €91,195,592;
- the inclusion within transmission tariffs of revenues for investments in the pilot projects related to storage systems;
- the inclusion of the additional remuneration for works in progress for LIC investments to develop transport capacity I=3 at 31 December 2013, equal to 2% for 12 years, consequent to exceeding the 70% limit of the overall conventional value of the milestones estimated for the second half of 2013, as part of the incentive mechanism to accelerate investment.

Resolution 658/2014/R/eel –Update of the dispatching fees for the year 2015

With this resolution, the Authority updated the dispatching fees for the year 2015. Specifically, in addition to updating the unit fees that dispatching users must pay as remuneration for production capacity, remuneration of the load interruptibility service, units essential to the security of the electricity system authorised to reintegrate costs, acceptance of mechanisms that compensate for costs correlated with the transport of electricity on foreign electricity grids (ITC), the Authority also updated the amount of the fee to cover the costs paid for Terna's operations (DIS) to €0.0439/kWh.

Resolutions adopted in 2015

Resolution 11/2015/R/eel – Launch of a procedure for defining the remuneration of the High and Extra High Voltage electricity grids owned by the company Ferrovie dello Stato italiane S.p.A. to be included in the national transmission grid

With this resolution, the Authority began the process of defining remuneration for the electricity transmission assets owned by the company Ferrovie dello Stato Italiane S.p.A. (FSI S.p.A.) subject to insertion in the national transmission grid, pursuant to Article 1, Paragraph 193, of Italian Law no. 190 of 23 December 2014 (2015 Stability Law), in order to determine the net invested capital, the depreciation and amortisation and the current and arising operating expenses, taking into account the constraints introduced in the law, the potential benefits for the electricity system and in line with the tariff regulation criteria indicated in the ITT (Annex A to Resolution ARG/elt 199/11).

For the purposes of analysing and verifying the data and information involved in the procedure, the resolution, in addition to providing for the establishment of an independent commission of experts, also envisaged that Terna carry out specific assessments regarding the potential net benefits for the national electricity system deriving from including the FSI assets in the NTG, and that it send the results to the Authority.

Resolution 20/2015/R/com – Launch of a procedure for the recertification of Terna S.p.A., in its capacity as electricity transmission system operator and of Snam Rete Gas S.p.A., in its capacity as natural gas transport system operator

With this measure the Authority launched the procedure for the recertification of Terna S.p.A., in its capacity as electricity transmission system operator and of Snam Rete Gas S.p.A., in its capacity as natural gas transport system operator. In particular, the Authority considered it opportune to conduct in-depth investigations aimed at confirming that the two companies still have the requisites verified when they were first certified. To this end the Authority laid down for Terna S.p.A. and Snam Rete Gas S.p.A. an obligation to transmit within 60 days from publication of the resolution the up-to-date information provided for in Resolution ARG/com 153/2011, necessary for the purposes of the procedure.

Resolution 33/2015/R/eel – Approval of the rules for conducting intraday auctions for allocation of the transport capacity on the interconnections with Austria, France, Slovenia and Switzerland (Rules for Intraday Capacity Allocation by Explicit Auctions on North Italian Borders)

With this measure the Authority approved the rules for intraday capacity allocation (so-called Intraday Auction Rules) prepared by Terna together with the other network operators of Austria, France, Slovenia and Switzerland, participants in the work in the ACER context of the European Regional Initiative for the Central-South Region. In particular, in order to take into account the changes in the market closing times functional to implementation of “market coupling”, these allocation rules modify the operating procedures in force for conducting the intraday auctions.

With this measure the Authority also confirmed the current methods of managing the income from transport capacity assignment procedures payable to Terna.

Resolution 45/2015/R/eel and Resolution 52/2015/R/eel – Measures on “market coupling”

With Resolution 45/2015/R/eel, the Authority formally launched “market coupling” on the Italy - Slovenia, Italy - Austria and Italy - France interconnections, verifying positively the documents and model contracts prepared by the parties to the Pre and Post Coupling Project in order to define the roles and responsibilities of the parties, and the operating procedures needed to make “market coupling” work.

The Authority also asked Gestore dei Mercati Energetici S.p.A. (GME), in agreement with Terna S.p.A, to transmit to the Authority the Agreement between GME and Terna S.p.A modified and supplemented so as to extend to the Italy - France and Italy - Austria borders the provisions of Resolution 609/2013/R/eel with reference to “market coupling” between Italy and Slovenia. With reference to the expenses and income deriving from the “market coupling” operating mechanism, the Resolution also stated that both the expenses and income deriving from execution of the service level agreement with CASC, and the amounts paid by Terna to GME or received by the latter must be recognised by Terna as the fee pursuant to Article 44 of Resolution 111/06 (uplift).

Implementing the provisions of this measure, the Authority also approved, with Resolution 52/2015/R/eel, both the draft agreement between GME and Terna S.p.A., and the draft agreement between GME and Cassa Conguaglio per il Settore Elettrico (CCSE) for management of “market coupling” for the year 2015.

Resolution 47/2015/R/EEL – Inclusion of the grid owned by the company Hexion Italia S.r.l. in the category of internal user grids

With this measure the Authority provided for inclusion of the grid owned by the company Hexion Italia S.r.l. in the category of Internal User Grids (IUGs) pursuant to Italian Law no. 99 of 23 July 2009, identifying the company Hexion Italia S.r.l. as operator of the IUG and including this grid in the list pursuant to Table 1 of Resolution ARG/elt 52/10.

Resolution 63/2015/R/eel – Settlement of the economic items deriving from application of the mechanism for offsetting the average CCT expense

With this measure the Authority, following Ruling 463/15 of the Council of State, defined the settlement of the economic items deriving from application of the mechanism for offsetting the average expense of the fees for the allocation of rights to use the transport capacity (CCT).

In particular, the Authority established that Terna must pay to GSE an amount of €9.8 million, to be recovered by an increase of the same amount of the uplift fee of the second quarter of 2015 and that GSE, in turn, must proceed to pay the amounts due to each operator with a right according to the provisions of Resolution 299/20012/R/eel.

Resolution 79/2015/R/eel – Completion of the regulation on remote disconnection of wind and photovoltaic production plants of power greater than or equal to 100 kW already connected or to be connected in Medium Voltage to ensure the security of the national electricity system

With this measure the Authority completed the regulation on remote disconnection of wind and photovoltaic production plants of power greater than or equal to 100 kW already connected or to be connected in Medium Voltage in order to ensure the security of the national electricity system. In particular, the Authority confirmed the figures for the premiums, already laid down in Resolution 421/2014/R/eel, to be paid to producers that comply with the prescriptions of the new Annex A.72 of the Network Code by the end of June 2015. The Authority also ruled that all distributor companies that have at least one primary cabin, even if not directly connected with the NTG, are obliged to implement the centralised system for sending the signals necessary to activate remote disconnection. Exclusively for these distribution companies, initially not included in the field of application of Resolution 421/2014/R/eel, an extension is provided for in the terms for implementing the formalities they must complete.

Resolution 86/2015/E/com – Establishment of the Italian Register of Market Operators pursuant to Article 9 of EU Regulation no. 1227/2011 of the European Parliament and Council of 25 October 2011, concerning the integrity and transparency of the wholesale energy market (REMIT)

With this measure the Authority established the Italian National Register of Market Operators pursuant to Article 9 of EU Regulation no. 1227/2011 of the European Parliament and Council of 25 October 2011, concerning the integrity and transparency of the wholesale energy market (REMIT)

The Authority also approved the Operation and Use Manual of this National Register of Market Operators. In particular, the Manual, developed by the Authority within its Database of public utility service operators in the energy sector, is aimed at illustrating the obligations and registration times, and the methods of access to and use of the National Register of Market Operators.

Resolution 92/2015/R/eel – Decisions on payment of the supplementary fee covering costs for the thermoelectric units essential to the security of the gas system

With this measure the Authority made rulings on payment of the supplementary fee covering costs for the thermoelectric units essential for the security of the gas system. In particular, the Authority determined the amount of the advance on the supplementary fee covering costs for all the units included in the list of the units essential for the security of the gas system, approved by the Ministry of Economic Development with reference to the thermal year 2012/2013. With this measure the Authority also outlined the detailed criteria, also of a procedural nature, for determining the supplementary fee covering costs for the essential units for the 2013 gas emergency.

Resolution 95/2015//EEL – Proposal to the Ministry of Economic Development to bring forward the stage of full implementation of the capacity market

With this Resolution the Authority proposes to the Ministry of Economic Development to bring forward the pro-competition and security system guarantee effects inherent in the capacity market defining a stage of first implementation of this market.

The stage of first implementation involves certain simplifications aimed at minimising the implementation times, mainly:

- recourse to alternative guarantee forms;
- first delivery period beginning on 1 January 2017 and last delivery period not later than 31 December 2020;
- annual delivery period;
- while awaiting full active participation of demand and of the foreign market, stochastic consideration of the respective contributions.

In this measure the Authority, among other things, asked Terna to work in order to arrive at agreements with foreign operators to define the procedures for active foreign participation in the capacity market in order to increase the conditions of competition and reciprocity among member countries.

Resolution 96/2015/E/eel – Launch of a fact-finding enquiry in relation to interruptions in the electrical service that occurred on 6 February 2015 and on the following days in vast areas of the Emilia Romagna and Lombardy regions

With this measure the Authority launched a fact-finding enquiry regarding management of the disruption consequent to the outages of the electricity service that occurred on 6 February 2015 and on the following days in vast areas of the Emilia Romagna and Lombardy regions, stating that the same must be completed by the deadline of 31 December 2015.

The Authority asked Terna to send it, within 60 days, a report containing the information necessary for the purposes of the related assessments on compliance with the service obligations aimed at ensuring prompt repair of faults and timely restoration of the service in secure conditions and the assessments on possible actions of a regulatory nature. The same request is also made to the distributor companies involved in the disruption.

Resolution 120/2015/R/eel – Decisions on the San Filippo del Mela 220 kV and San Filippo del Mela 150 kV essential production plants for the year 2014

With this measure the Authority determined the amounts of the advance on the supplementary fee covering costs for the year 2014 to be paid by Terna to the company Edipower S.p.A. in relation to the San Filippo del Mela 150 kV and San Filippo del Mela 220 kV plants. The Authority also confirmed for the year 2014 the typical technical parameters valid for the purposes of determining the supplementary fee covering costs, already applied to these plants in previous years.