

TERNA AND INTERCONNECTOR ITALIA SIGN THE ITALY-FRANCE INTERCONNECTOR AGREEMENTS

Roma, 4 July 2017 – The Terna Group and the “Interconnector Italia S.C.p.A.” syndicate, which gathers “energy-intensive” private companies (industrial consumers mainly in the steel, paper and chemical sectors), have signed today the agreements for the construction and operation of the private part of the 320 kV DC interconnection project which will connect Italy with France (“Italy-France Interconnector Project”).

The closing of the deal represents the first implementation of Italian Law 99/09 which, for the private development of interconnection capacity with other countries, introduced the obligation for energy-intensive companies to finance and for Terna to construct interconnection power lines “for the purpose of creating the electricity single market”.

Within this context the Interconnector Italia consortium acquired the entire capital of Piemonte Savoia S.r.l. (PI.SA.) formerly controlled by the Terna Group through Terna Interconnector S.r.l.

PI.SA. holds the exemption right for third-party access (TPA) - for a capacity of 350 MW and for a period of 10 years - on behalf of the Italy-France Interconnector.

Mandate contracts for a total amount of about € 415 million and related to the construction (EPC) and the operation (O&M) of the Italy-France Interconnector were also signed.

The Italy-France Interconnector, which provides a total (public part and private part) cross-border exchange capacity of 1,200 MW available starting from 2020 (entry into operation envisaged by the end of 2019), represents a unique project worldwide for engineering and technological solutions, and it is identified by the European Commission as a Project of Common Interest (PCI). With a total length of 190 km (equally distributed between Italy and France), this project will be the longest DC underground power line in the world, fully integrated within the transport infrastructure system and utterly “invisible”. In fact, in order to minimize its impact on the landscape, the line will be fully integrated with the existing road and motorway infrastructures and it will cross the border through the Frejus safety tunnel.

Once operational, the connection will provide a roughly 40% increase in the electricity trading capacity between Italy and France, in line with the European strategy to strengthen electricity interconnections between member states aimed at increasing security of supply and improving market competition.