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Media Relations
Ph. +39 0683139081
Fax +39 0683138372
e-mail: ufficio.stampa@terna.it

‘MATO GROSSO OPERATION’ - MORE ENERGY FOR SUSTAINABLE DEVELOPMENT

TERNA LAUNCHES WORKS FOR A NEW ELECTRICITY LINE IN PERU TO FACILITATE GROWTH IN RENEWABLES AND SUPPORT LOCAL ANDEAN POPULATIONS IN NEED

- *The agreement signed with the Parish of Chacas, defines the creation of 16 km of power line connecting the Huallin hydroelectric power station to the national grid and supply of substation components and a Tamini transformer*

- *Siemens will support the project, providing the conversion station equipment*

- *The operation falls within the sphere of "business solidarity" projects and voluntary activities implemented by Terna to support the populations most in need*

Rome, 27 February 2019 – Over 16 km of high-voltage electricity lines will be built at a record height of 4,100 metres in the Andes, allowing connection of the Huallin hydroelectric power station to the Peruvian national grid. Huallin is situated 500 km north of the capital Lima, and the project will significantly increase the production and transport of renewable energy, to the benefit of local communities and other communities in need supported by the *Mato Grosso Operation*. The project for collaboration between Terna (through subsidiary Terna Plus), the Parish of Chacas (owner of the hydroelectric plant) and Siemens, will begin to take shape with the launch of works planned for the end of spring.

Signing of the Implementation Agreement – which took place today in Rome between Michele De Censi (nephew of Father Ugo De Censi, founder of the *Mato Grosso Operation*) representing the Parish of Chacas and Giovanni Cerchiarini (CEO of Terna Plus), with the presence also of Gennaro di Tuoro (Sales&Marketing Energy Management Director of Siemens) – lays the foundations for works to begin on the new infrastructure that will be completed in around 12-15 months. The implementation phase will see involvement of local companies and European suppliers, including Siemens and Tamini, along with highly specialised technicians and workers, and the infrastructure should go live mid-2020. More specifically, Terna Plus will perform all EPC activities (engineering, procurement and construction), Siemens will provide devices and equipment for the future conversion substation, the Parish of Chacas and its volunteers are tasked with civil works, creation of substations, obtaining necessary authorisations and local logistics, and Tamini will supply a cutting-edge transformer suitable for high-altitudes.

For Terna, the Agreement falls within the wider scope of its “business solidarity” projects and voluntary activities already implemented for several years to support the well-being of the populations most in need in areas where it operates. This includes support for voluntary and non-

profit organisations through charity and social initiatives, again in the context of environmental sustainability. Once operational, the 60 V electricity line will allow completely secure integration of all of the renewable energy produced by the Huallin plant, which is currently greatly limited by the insufficiency of the only available medium-voltage connection. Furthermore, the works will allow profits from the sale of surplus energy to go to numerous initiatives in the Parish that support local inhabitants, thus contributing to improving the quality of life of local populations, in full pursuit of UN sustainable development goals.

The Parish of Chacas is one of the most important in the *Mato Grosso Operation*, the Italian organisation founded in 1976 by Father Ugo De Censi which has been doing non-profit voluntary work with some of the poorest populations living in South America for over forty years. Through many different initiatives, the *Mato Grosso Operation* promotes and guarantees the nutrition and health of the population, and technical and professional education for the young, creating conditions for a dignified life and sustainable social and economic development for the poorest.

This is the context in which the agreement with Terna was established to support the project for the new connection of the Huallin plant to the electricity grid: the hydroelectric plant, with around 3 MW power, was created by the Parish through private funding and supports the local electricity system. However, the current connection does not allow for input of more than 1 MW of electricity into the grid, thereby limiting production from the power station which cannot reach its full energy potential. Adopting solutions for connection to the existing grid, designed and engineered by Terna, and representing innovative works for the Peruvian electricity system, the line will allow secure use of all energy produced by the plant and make greater, more permanent, longer-lasting resources available for social and economic support across Peru.

In Peru In September 2017, Terna had already been awarded the tender by Proinversion, the agency for investments controlled by the Peruvian Ministry of Energy and Mines, for the construction of a new 138 kV power line, extending for 132 km, which will join the Aguaytía and Pucallpa electrical substations (in the region of Ucayali) and is planned for completion in the second half of 2020.