PRESS RELEASE

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TERNA AND THE INTERCONNECTOR ENERGY ITALIA SYNDICATE SIGN AGREEMENTS FOR PRIVATE PORTION OF ELECTRICAL LINE BETWEEN ITALY AND MONTENEGRO

Sale of Monita Interconnector, owner of 200 MW of capacity

Rome, 17 December 2019 – Terna Group finalized today the sale of the entire share capital of Monita Interconnector s.r.l. to Interconnector Energy Italia s.c.p.a., a syndicate which gathers "energy-intensive" private companies (industrial consumers mainly in the steel, paper and chemical sectors). Moreover, Terna Group signed agreements with Interconnector Energy Italia s.c.p.a. for the construction and operation of the private portion of the DC interconnection between Italy and Montenegro.

Monita Interconnector s.r.l., controlled entirely by Terna Group, was founded on 13 April 2015 under the mandate of the selected assignees pursuant to Italian Law 99/2009 regulating the electrical interconnectors. Pursuant to the special decree issued by the Italian Ministry of Economic Development, Monita Interconnector s.r.l. holds, for the Italy-Montenegro power line, the exemption right for third-party access (TPA) for a transmission capacity of 200 MW for a period of 10 years beginning from the date of commercial operation of the line. The value of this transaction amounts to € 240 million, equal to the construction mandate (EPC) due to Terna for the realization of the project, which will be managed by Terna for the entire exemption period.

The Italy-Montenegro interconnection is an electrical line between the Cepagatti (Pescara) and Kotor (Montenegro) substations with a total length of 445 km, composed by 423 km of undersea cable and 22 km of underground cable. The first 600 MW pole was completed during 2019 as foreseen by the National Development Plan approved by the Italian Regulatory Authority for Energy, Networks and Environment (ARERA).