

Strategic lines

We may say that we have successfully completed our global expansion stage. Today, Enel is a multinational which is present in 22 countries and a leader in the energy and sustainable development sectors.

At the beginning of 2009, we signed an agreement with Acciona, which formalized our full take-over of Endesa. This was the last step in a process that led us to also acquire OGK-5 in Russia and the Muntenia Sud power distribution grid in Romania in 2008. Always in 2008, we set up Enel Green Power, with the mission of developing and managing our renewable power generation portfolio, excluding the one of Endesa.

In 2008, Enel generated about 65 billion kWh from renewables, i.e. over 25% of its total generation. In the same year, thanks to the high share of carbon-free generation (including nuclear) in our stock of power plants, we displaced roughly 80 million tonnes of CO₂ emissions into the atmosphere, practically equivalent to the emissions from over 50 million cars.

These results testify our commitment to fighting climate change and the initiatives that we are pursuing as part of our sustainable development strategy: conventional high-efficiency power plants, end-use energy efficiency, research into and development of innovative technologies (such as Carbon Capture & Storage), new renewables, smart meters and grids, electric cars. We are also among the main worldwide operators applying the Kyoto Protocol flexible mechanisms (CDM, JI, etc.), which favor the transfer of innovative know-how and technologies to the most rapidly growing countries.

Excellence in environmental management

With our international expansion, we are striving to integrate our diverse technological, cultural, social and regulatory competences and experiences. Sharing best practices in clean coal and geothermal power generation and deploying smart meters to promote end-use energy efficiency yield major benefits to the environment. With these initiatives, we are enhancing our capability of serving millions of customers and the communities where we operate, while safeguarding the environment and people's safety.

We wish to become a globally recognized model in terms of safety & environmental management. We are extending Occupational Health & Safety and Environmental Management Systems (certified under international standards) to all of our processes across the Group in an integrated way, involving all of our colleagues and also our suppliers.

Performance monitoring is an imperative tool in which we are investing many resources in order to define increasingly stringent benchmarks. Indeed, it provides us with key data to track our operations at various levels, identify, analyze,

monitor and mitigate the environmental hazards connected with our activities and draw up focused improvement plans.

The Environmental Report is the yearly publication through which we communicate our environmental performance in a comprehensive and transparent way. It is the result of a painstaking process of performance monitoring and reporting at all levels and sites of the Group, which is based on setting targets and evaluating results through a wide array of parameters and indicators. Therefore, in line with the criteria adopted for our Consolidated Financial Statements, the Report also includes the data of Endesa and OGK-5. The year 2008 confirmed, once again, the upward trend of our environmental performance. Particularly significant results were achieved in areas where, before Enel's acquisitions, environmental performance was below our benchmarks. This is the best evidence of our care for the environment. In Bulgaria, in the past 5 years, we made considerable progress, cutting down emissions of the main pollutants (sulfur oxides by about 90%, particulates by about 80% and nitrogen oxides by about 36%). In Romania, where we have been active since 2005, the percentage of overhead and underground cables in power lines climbed from roughly 26% to nearly 50%, thus minimizing the impact of our distribution grid on land and landscape.

But we are continuing to make progress also in Italy. With respect to 2004, yearly emissions of CO₂ from thermal generation dropped by almost 20 million tonnes (by approximately 30%), sulfur oxides by over 60%, particulates by over 50% and nitrogen oxides by over 40%. Also hydrogen sulfide emissions from geothermal activities were down by more than 40%. In 2008, special waste recovery was close to 90% and the use of cables lines in our distribution grid exceeded 70%.

Innovative concepts

In the area of energy efficiency, we are particularly proud of having developed smart meters, which are already used by over 30 million customers in Italy and becoming widespread in many other countries, including Spain, Romania, Russia, Australia and the Ivory Coast. Smart meters enable us to offer time-of-use rates, thus fostering more efficient use of electricity and reducing emissions.

Our research teams are also working on innovative generation technologies, namely on zero-emission power plants. We are moving out of the purely experimental stage now: our pilot project of CO₂ capture in Brindisi will be implemented by 2009 and we have already inaugurated the construction site of our "Archimedes" thermodynamic solar generation project in Priolo. In the Fusina site, we began tests on the experimental facility which will come on line in 2009: Enel will be the first in the world to experiment and develop the technology for using hydrogen to fuel gas-turbine power plants.

Finally, jointly with Daimler-Mercedes, we launched an e-mobility project. In Pisa, Rome and Milan, we will set up a smart grid for recharging 100 power-driven cars ("Smart" model), as part of a pilot project to be launched in 2010.

We are also creating synergies with innovative projects of Endesa, which is also engaged in Carbon Capture & Storage with its demonstration project in Compostilla and in solar power generation with its facility in Almeria. With regard to energy efficiency, we joined Smartcity, an integrated power generation and distribution project to be rolled out in Malaga.

Global commitment

To give support to the political community on global environmental issues, Enel partnered with the leading companies engaged in this sector. Associations like "e8" and "3C - Combat Climate Change" may provide Governments and institutions with useful knowledge for building sound foundations on which to make the best political and regulatory choices. Our know-how, our broad portfolio of technologies and the worldwide scale that we have acquired in the past few years make our commitment to the environment vital to global sustainable development. It is a responsibility of which we are aware and a challenge to which we are ready to respond.

The Chief Executive Officer
and General Manager
Fulvio Conti

