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## **TERMoeLECTRICA, E.ON AND ENEL SIGN AGREEMENT FOR COAL FIRED POWER PLANT IN ROMANIA**

**Neptun (Romania), June 18, 2008** - The state-owned Romanian company Termoelectrica and a consortium formed by German company E.ON Kraftwerke and the Italian company Enel SpA today signed a Memorandum of Understanding to start building a coal plant at Braila, an existing Romanian power plant.

The Memorandum envisages a joint venture between the three parties for the development of the Braila power plant project, for a new 800 MW coal-fired production capacity. The project will also utilize the existing assets from the power plant currently in operation.

According to the Memorandum, an independent valuation of the existing assets of Termoelectrica and an analysis on the new capacity will be carried out, as part of a feasibility study. Based on the results of the feasibility study, expected by the end of 2008, the parties will decide whether or not to implement the power plant project.

Within the joint venture, Termoelectrica will contribute the existing assets of the Braila power plant, while the consortium formed by E.ON and Enel will contribute capital for the investment. The consortium will have the majority of the shares in the joint venture, while Termoelectrica stake be based on the value of its existing assets.

The memorandum also sets the activities which must be completed until the moment of registration at the Trade Registry. For each phase, deadlines and responsibilities are also set.

The Memorandum of Understanding confirms the companies' interest in starting this project, whose outcome is expected to boost the Romanian power generation system, being the first major new project of its kind after a long period of time. It will contribute to the shaping of a new era of generation units in Romania and will also have a positive impact upon the economic development of the Braila region. The power plant will be modern and fully complying with EU emission standards, through its reduced CO<sub>2</sub> Emissions and through its efficiency which is expected to be as high as almost 46%. Furthermore, the plant will be prepared for CCS (Carbon Capture and Storage) - technology.



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## Background information

**Termoelectrica S.A.** is an important thermal power generator in Romania, covering together with its subsidiaries approximately 17% of the market. Currently, Termoelectrica S.A. ensures district heating to 5 cities, where it also owns the transportation network (except for the municipality of Bucharest). The structure of Termoelectrica is composed of 3 generating subsidiaries (SC Electrocentrale Bucuresti SA; SC Electrocentrale Deva SA; SC Electrocentrale Galati SA); 12 maintenance and repairing subsidiaries and 4 generating branches (Braila, Doicesti, Borzesti and Paroseni).

**E.ON Kraftwerke GmbH**, a subsidiary of E.ON Energie AG, one of Europe's largest privately owned providers of energy services, is based in Northern Germany. Within the E.ON group, E.ON Kraftwerke is the specialist for planning, constructing and operating coal- and gas-fired power plants. The company operates power stations at more than 30 locations in Germany; it also engineers and builds new power stations in several countries in Europe. Present in Romania since 2005, E.ON assures the distribution of electricity through a grid of over 50,000 km and also supplies electricity to over 1.3 million customers from the Moldova area. Based on over 2,600 employees, E.ON Energie Romania's success combines the Group integration experience with local know-how.

**Enel** is Italy's largest power company, and Europe's second-largest utility for installed capacity. After the acquisition of the Spanish utility Endesa, together with partner Acciona, Enel has now a presence in 21 countries with approximately 75,500 MW of generating capacity and serves more than 50 million power and gas customers. Enel has a significant presence in Romania, with Enel Energie that supplies electricity across Romania, and Enel Distribuție Banat and Enel Distribuție Dobrogea that operate the electricity distribution network in the those two regions. Further to the completion of the acquisition of Electrica Muntenia Sud, the company has doubled its presence in the Romanian power sector, reaching about 2.5 million customers, 93,000 km of network, and 5,700 employees.