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## PRELIMINARY ASSESSMENT OF THE EFFECTS FOR THE ENEL GROUP OF THE NEW ITALIAN RATE SYSTEM FOR ELECTRICITY DISTRIBUTION AND METERING SERVICES

- *2012 RAB for distribution and metering services totalling around 21.5 billion euros.*
- *WACC up on the previous regulatory period (from 7% for distribution and 7.2% for metering to 7.6% for both services).*
- *Rate of annual reduction of eligible operating costs ("X" factor) for 2012-2015 set at 2.8% for distribution services and 7.1% for metering services.*
- *Slight increase in 2012 rate revenues compared with 2011.*

**Rome, January 16<sup>th</sup>, 2012** – Today Luigi Ferraris, Enel Group's Chief Financial Officer and Simone Mori, Enel Group's Director of Regulatory, Environmental Management and Carbon Strategy, will announce a preliminary assessment of the effects for the Enel Group of the new regulatory framework for electricity distribution and metering services in Italy for the 2012-2015 period via a conference call with the financial community. The regulatory framework is outlined in Authority for Electricity and Gas (AEEG) resolution no 199 of 2011.

Based on Enel's preliminary estimates, the new regulatory framework will generate a slight increase in 2012 rate revenues compared with 2011 levels.

Specifically, based on the estimates above, the net capital employed at the start of the 2012-2015 regulatory period (the so-called "Regulatory Asset Base" – RAB) should be around 21.5 billion euros for distribution and metering services provided by Enel Distribuzione S.p.A., excluding the RAB of around 0.4 billion euros earmarked for marketing activities by Enel Servizio Elettrico S.p.A.

The Weighted Average Cost of Capital ("WACC") for distribution and metering services for the 2012-2015 period is set at 7.6%, an increase on the previous regulatory period 2008-2011 (at that time totalling 7% for distribution and 7.2% for metering).

Another change from the previous regulatory period is the introduction of an additional 1% rate of return on capital employed for all new investments made starting from 2012 to offset the effect of the lag between the execution of the investment and related recognition of the tariff rate. Furthermore, the WACC is to be 1.5% to 2% higher for certain categories of investments.

The price cap mechanism with regard to operating costs was confirmed for the 2012-2015 period. It provides for an annual adjustment of tariffs taking into account the inflation rate and a rate of annual reduction of eligible operating costs (the so-called "X" factor) of 2.8% for distribution services and 7.1% for metering services (these data were equal to 1.9% and 5%, respectively, in the 2008-2011 regulatory period).