



L'ENERGIA CHE TI ASCOLTA.

A possible way forward to a well-integrated and competitive electricity market in South-East Europe

Gains from trade: which advantages are envisaged by big market players?

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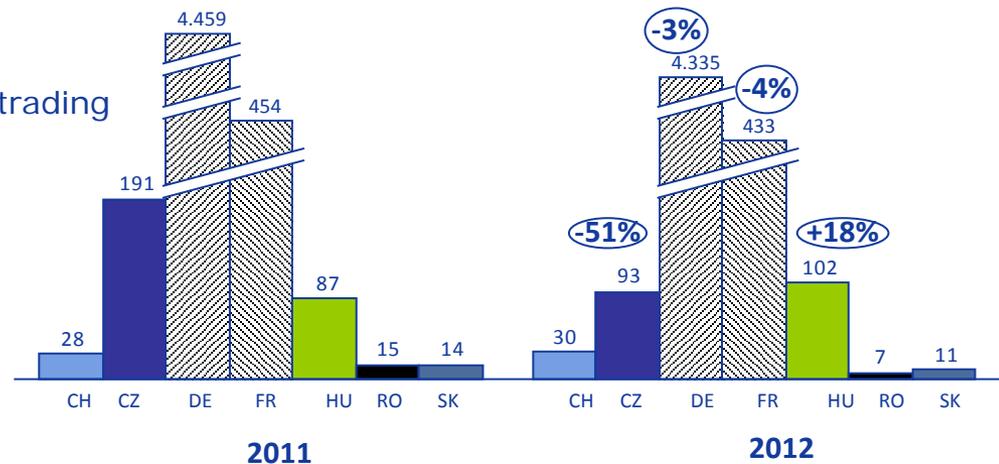
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Gains from trade: where we are

Strong Enel presence in the region:

- ⇒ Production, distribution, retail and wholesale trading
- ⇒ 5 local legal entities for trading
- ⇒ 40TWh traded during 2012

Global liquidity (TWh)



Markets still under development/integration

- ⇒ Lack of regional market
- ⇒ Markets not fully integrated
- ⇒ Low availability of trading platforms
- ⇒ Liquidity is decreasing
- ⇒ Low volumes of financial trades
- ⇒ Non standard products
- ⇒ Fast growth of RES



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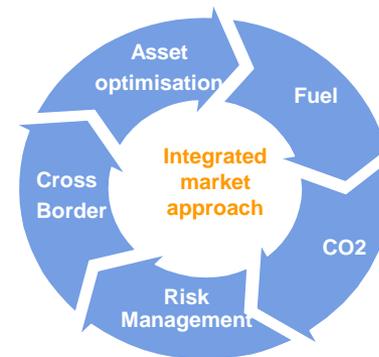
Gains from trade: advantages & obstacles for a big player

Origination: the main opportunity/challenge

Development of a wholesale commercial network in Eastern and Southern Europe optimising market opportunities and creating the conditions to make the best use of Enel's assets in the region.

Advantages:

- ⇒ Take advantage of the experience learnt in managing the liberalization process in other European countries;
- ⇒ First mover advantage
- ⇒ Global vision & Integrated risk management
- ⇒ Flexibility & Integrated market approach
- ⇒ Asset back activity
- ⇒ Availability of balancing services



Obstacles:

- ⇒ Integration process not in line with the expectations
- ⇒ Presence of import/export fee
- ⇒ Low transparency
- ⇒ Taxation with retroactive effects
- ⇒ And sometimes.....

... a step back (Romania 2012)

● Headquarter

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Gains from trade: conclusions

INTEGRATION can be the solution...

Achievements:

- ⇒ **“Harmonized development”** of the local markets for a future creation of a large integrated & competitive market in South-East Europe;
- ✓ **“Cross border balancing” development:** waiting for a development of a single European balancing market, adoption of easy interim solutions to allow in the short term the export of balancing services from countries characterized by flexible plants to countries with a high level of renewable and a high demand of balancing services;
- ⇒ a **“stable regulatory framework”**.

Thanks for your attention