

LAUNCHING OF ST PETERSBURG'S CCGT SECOND 450 MW UNIT THE POWER PLANT IS RUN BY ENEL

Enel, the first international operator in charge of a key production complex in the Russian electricity system, together with local partner ESN-Energo, has doubled to 900 MW the capacity at this power plant serving the north-western area of the country,

The presence at the ceremony of President Vladimir Putin and the Italian Minister of Industry Pierluigi Bersani testifies the importance of the completed project, the good and friendly relations as well as the co-operation between Italy and Russia for joint development in the strategic energy sector.

Saint Petersburg, 29 November 2006 – The second 450 Megawatt (MW) unit of the thermal power plant serving the north-western region of Russia was launched today. To underline the significance of the project and the good relations between Italy and Russia in the energy industry, the ceremony was attended by the Russian President Vladimir Putin, the CEO of Rao Unified Energy System (Rao Ues), Anatoly Chubais, the CEO of ESN, Grigory Berezkin and, on the Italian side, by the Minister of the Industry, Pierluigi Bersani, and Piero Gnudi and Fulvio Conti, respectively Chairman and CEO of Enel.

Piero Gnudi commented "Today we are celebrating the completion of the second group of the North West Power Plant. An outstanding work, that consolidates the friendly relations between our two countries as testified by the participation to the inauguration ceremony of the Russian and Italian institutions and companies' executives. It is a technologically advanced project, which will provide electricity and heat to the Saint Petersburg region on competitive terms it is fully compliant to environmental standards".

Fulvio Conti, Enel's CEO said: "Enel has demonstrated to its Russian partners as well as institutions, how rewarding a co-operative international relationship can be through the experience and skills of a major Italian company to support the growth of this great country. Enel, for its part, has acquired a deep knowledge of the Russian environment during these years of intense commitment. A knowledge that will prove extremely valuable for participating, we hope successfully, in the next phase of the liberalisation and partial privatisation of the electricity system initiated by the Moscow government and by Rao Ues".

In February 2004, against fierce competition, the Enel-ESN consortium won the tender announced by Rao Ues for the management of the north-west Power Plant (NWTPP), a key asset in the Russian electricity system, awarded for the first time to a group led by a renowned international company. The financial and industrial criteria for taking part in the

competition required the ownership or management of more than 5000 MW of installed capacity, revenues for 2002 amounting to more than 5 billion dollars, experience in operating plants internationally and an investment grade credit rating or above. Nine high ranking international utilities had the opportunity to conduct detailed due diligence on NWTTP; two of these took part in the final phase of bidding in which the consortium led by Enel won out.

The management contract required the consortium to take sole responsibility for operating the plant and for organising project finance to the value of approx. 125 million dollars, aimed at completing the construction of a second production unit. The project was completed ahead of schedule and increased NWTTP's overall capacity to 900 MW. With the recent launching of the city's heating system, the overall efficient rate of the power plant will increase by 65%.

NWTPP is a thermal power station close to St Petersburg, in north-west Russia. It uses combined cycle technology, is gas fuelled and is the Country's most technically advanced installation with an efficiency rating of 51.5%, (up to 60% if we consider the heat for the city's heating system) compared with traditional thermoelectric power stations, which achieve less than 40%. The power station's first generator has an installed capacity of 450 MW. The second, which increased overall capacity to 900 MW, was inaugurated today.

RAO UES is the largest electricity company in the world. It controls more than 70% of electricity generation, transmission and distribution in Russia and is implementing a significant programme of improvements in service quality and infrastructure development. The programme also requires the financial and industrial involvement of large international energy companies, including through the creation of Gencos (Generation Company, which groups together several thermal power assets throughout the country) in which to assign stakes. Consolidated revenues for 2005 amounted to 786 billion roubles (30 billion dollars), a net profit of 53 billion roubles (2 billion dollars); employee numbers at the end of 2005 were 558,000.

ENEL is the major company dealing with the electricity generation, distribution and sales in Italy, and one of the foremost in Europe, with more than 52,000 MW of installed capacity and market capitalisation of more than 47 billion Euro. Enel is also the second largest company in gas distribution and sales in Italy. Enel is the leader in Europe in combined cycle operations, with more than 5000 MW of installed capacity. It is amongst world leaders in energy production from renewable sources (hydro, geothermal, wind-powered, biomass and solar), with around 19,000 MW in Italy, Spain, Slovakia and the Americas. 2005 revenues amounted to more than 34 billion Euro, EBITDA to almost 7.7 billion Euro and net profit to 3.9 billion Euro. Enel enjoys one of the highest credit ratings among European utility companies: A+ from Standard & Poors and A1 from Moody's.

ESN is a group specialising in strategic management. One of its major roles has been the management of the Komi Tek oil company and the Kolenergo regional energy administration. The company is currently one of the principal shareholders of RAO UES with a share of 5.3%. It manages the NWTP power station with Enel. In June 2006, Enel entered into a joint venture in RusEnergSbyt (Res) an electricity trading company under linked to ESN's CEO, Grigory Berezkin.

Res supplies electricity throughout the country, to large industrial clients such as Gazprom, Rosneft and Russian railways, as well as to a large number of domestic clients. Res expects to double sales from 11 Terawatt hours (TWh) in 2005 to 22 TWh in 2006. In 2005, Res reported revenues of 285 million Euro and Ebitda of 11 million Euro.