

ENEL: AGREEMENT WITH SONATRACH FOR SUPPLY OF 2 BILLION CUBIC METRES OF GAS PER YEAR

The agreement marks a key step towards the realisation of GALSI, the gas pipeline with an annual capacity of 8 billion cubic metres that is scheduled to link Algeria with Tuscany (passing through Sardinia) by the end of 2011.

Algiers, 15 November 2006 – In a ceremony attended by the President of the Republic of Algeria and Italian Prime Minister Romano Prodi in Algiers, Enel today signed an agreement with Sonatrach for the supply of natural gas through the future GALSI gas pipeline.

The agreement will enable Enel Trade to import 2 billion cubic metres of gas a year for 15 years as from the entry into service of the gas pipeline, which is expected to be completed by the end of 2011.

The GALSI project involves the construction of a gas pipeline about 900 kilometres long with an initial annual capacity of 8 billion cubic metres. The pipeline will link Italy with Algeria via Sardinia, with an investment on the order of 2 billion euros.

Enel CEO Fulvio Conti commented: "This project makes a major contribution to enhancing the security and flexibility of Italy's supply of natural gas, demand for which is rising strongly. The agreement is an important step in Enel's strategy to grow in the gas sector and consolidates our partnership with Sonatrach".

Enel directly imports 6 billion cubic metres of gas a year from Algeria through the Transmed gas pipeline. Supply began in 1997 with 4 billion cubic metres, subsequently increased to 6 billion in 2002, with contracts expiring in 2019.

Enel has a 13.5% stake in the GALSI project company, while Sonatrach holds 36%. Other national and foreign operators and the Region of Sardinia are also participating in the venture.

The gas pipeline will not cross the territory of other countries and will contribute to the development of infrastructure that enhances the security and flexibility of Italy's gas supplies. Among other things, it will bring natural gas and the related gas infrastructure to Sardinia, the last Italian region without access to this energy resource.

The positive outcome of the negotiations over the various supply contracts and the feasibility study, now being completed, will enable the GALSI project partners to proceed with the detailed planning for the project.