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ENEL BOARD: MORE CLEAN COAL AND RENEWABLES TO GUARANTEE SECURITY AND COMPETITIVENESS TO ITALY

- *Validity of resource diversification strategy confirmed*
- *If the Torrevaldaliga Nord power station had entered service at the beginning of 2005, 3 billion cubic metres of gas would have been saved, forestalling the emergency*
- *Legal counsel instructed to take all necessary actions to safeguard the Civitavecchia conversion project*

Rome, 16 February 2006 - The Enel Board of Directors, meeting today under the chairmanship of Piero Gnudi, reaffirmed unanimously the validity of Enel's plan to modernize the company's generation capacity, which has already seen the conversion of many oil-fired facilities to gas-fired combined cycle plants, the conversion of a number of coastal power stations from fuel oil to coal and the further development of renewable resources.

The Board therefore stated its intention to oppose the ill-timed and, in its view, unfounded decision of the Lazio regional council to order the suspension of work on marine infrastructure at the Civitavecchia power station.

The adoption of cutting-edge emissions-abatement technologies and the increased efficiency of coal-fired plants, noted the Board, today make the use of coal compatible with the even stricter environmental regulations that are due to enter force in 2008. The project not only helps to reduce emission levels of more than 80% compared with the previous oil power plant but it also allows the plant working under further better conditions even compared with the emission limits contained in the VIA Decree (Environmental Evaluation Impact decree). The Board also emphasized that the wide availability of coal in many countries and the size of estimated coal reserves, which are far greater than those of gas and oil, make it an attractive option and an essential component of a balanced mix of energy resources for power generation.

In circumstances that are laying bare the dramatic structural fragility of the natural gas supply system and the dangers of over-reliance on one type of fuel to generate electricity, the diversification of energy resources, supplier countries and supply systems, and the need to ensure energy security and greater competitiveness for Italy has become a matter of even greater urgency and strategic importance. If the new Civitavecchia power station had entered service at the beginning of 2005, it would have saved about 3 billion cubic metres of gas to

date, thereby forestalling the emergency that the country has been facing over the last few months.

The Board also defended the decision to expand the role of coal in electricity generation in Italy, with the objective of increasing its share of the fuel mix towards the European average, as the only feasible way to bring Italian electricity prices into line with those in the main European countries, thereby boosting the competitiveness of Italian companies and easing the burden of energy costs on the budgets of Italian households.

Enel's efforts in Italy and around the world in developing power plants driven by renewable resources (hydro, geothermal, wind, thermal solar, biomass and biofuels) will enable the company to meet its commitments to reduce the emission of greenhouse gases. Major investments in this area are also possible in the Lazio Region, in addition to the establishment of research centres dedicated to the development of innovative technologies (hydrogen, CO₂ sequestration)

The Board has therefore supported the decision taken by Enel CEO Fulvio Conti to initiate all necessary legal action to permit the resumption of conversion works at the Torrevaldaliga Nord power plant and obtain compensation for any economic loss that Enel and its suppliers may suffer as a result of the decision by Lazio Region.