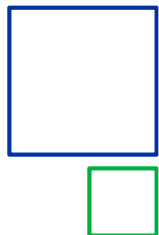


Investment Opportunities in the Renewable Sector: The Brazilian case

Bergamo, Sept 22, 2015





Agenda



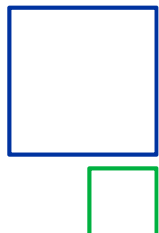
Enel Green Power



Brazil: remuneration schemes for RES

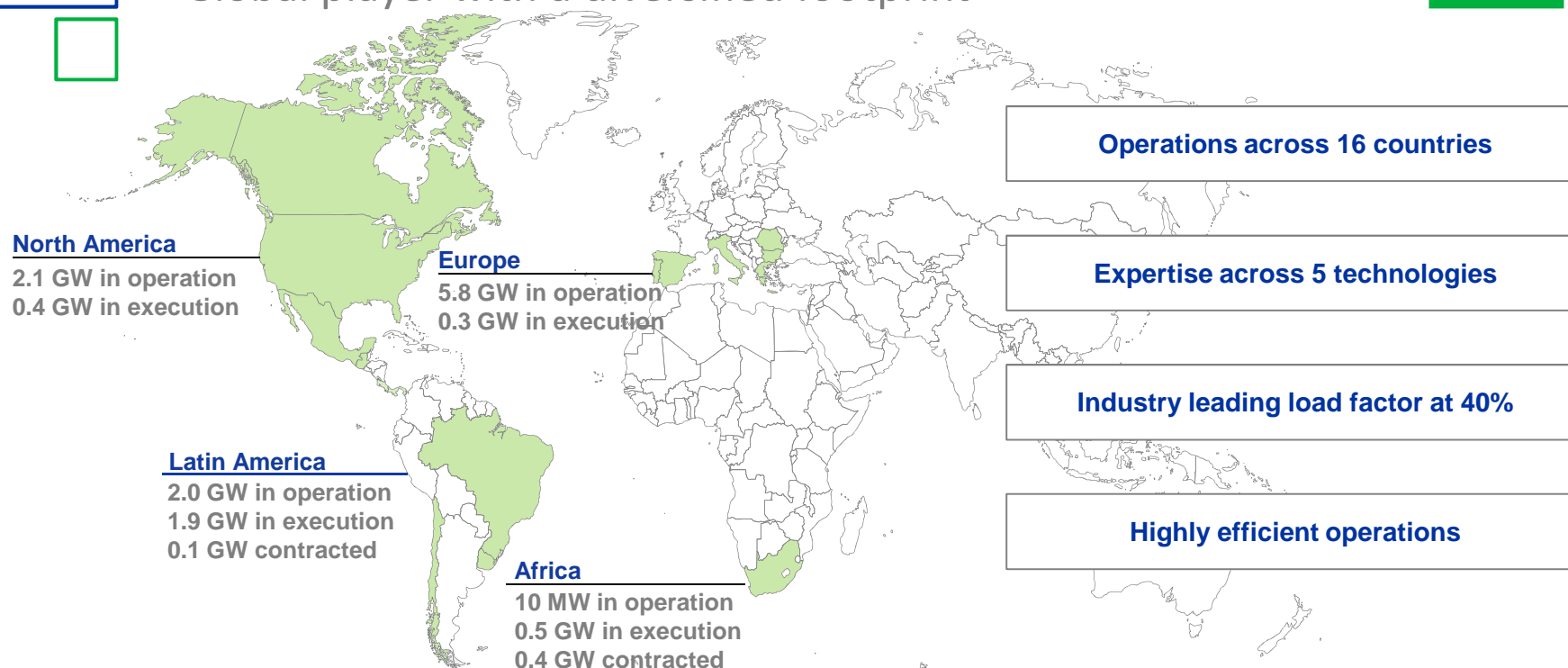


Brazil evolution: impact for RES sector



Enel Green Power today

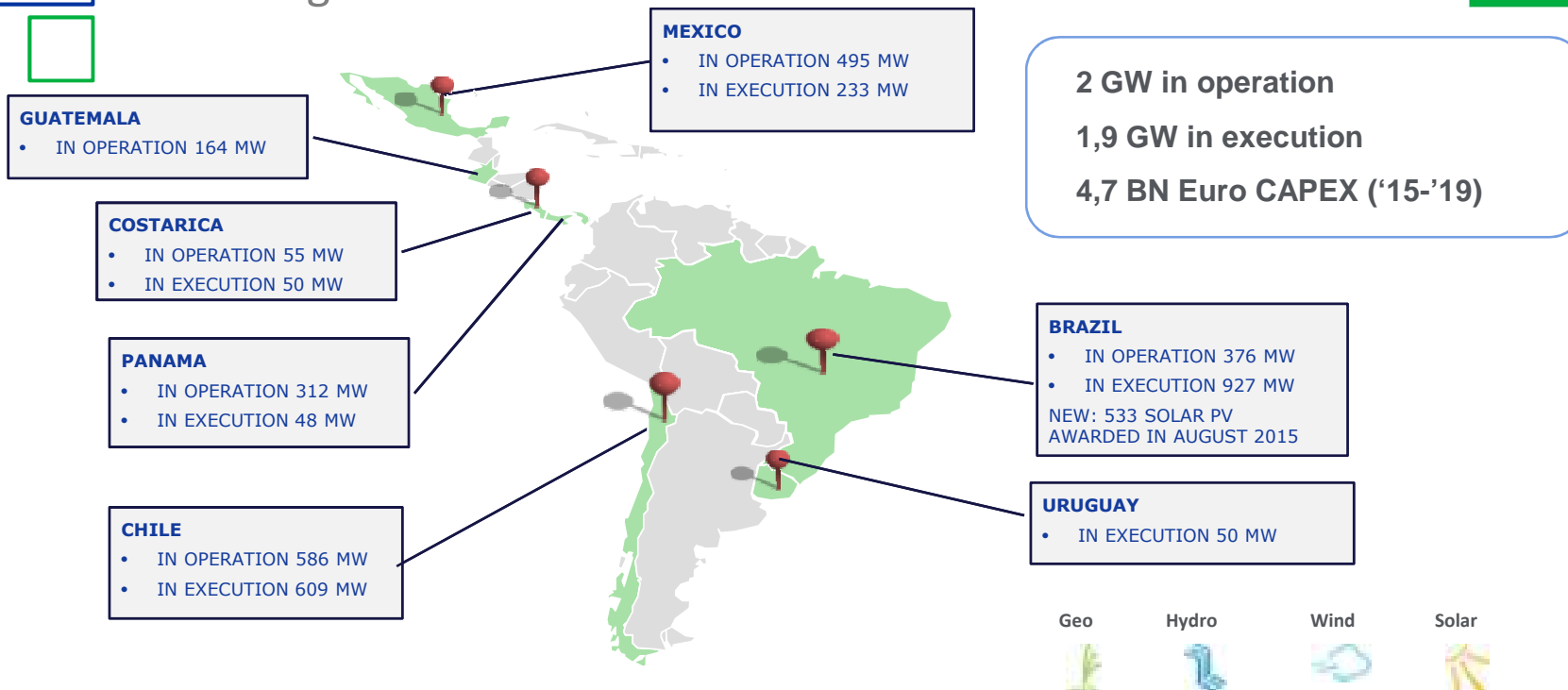
Global player with a diversified footprint





EGP in Latin America

Main figures as of 1H2015

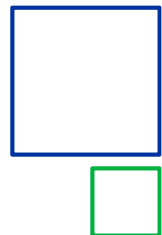


Significant market presence with solid growth development plans

Investment Opportunities in the Renewable Sector: The Brazilian case
Bergamo, 22 September 2015

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EGP in Brazil positioning vs demand¹

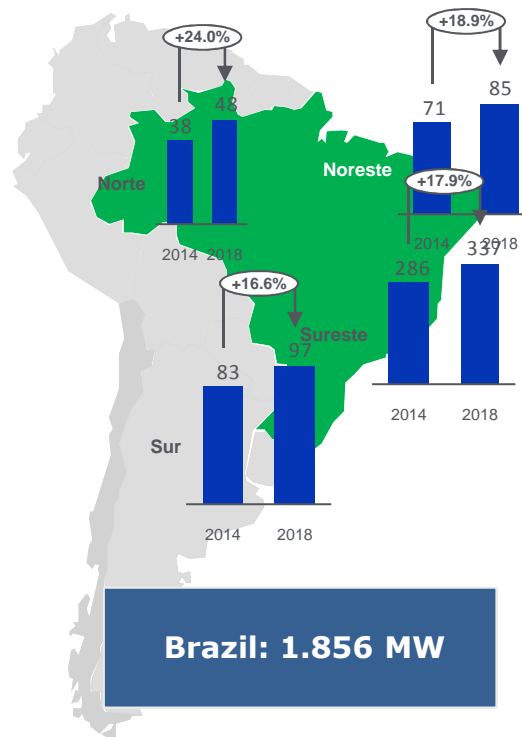


Operation 387 MW

- Tocantins (50 MW)
- Mato Grosso (38 MW)
- Sao Paulo (5 MW)
- Modelo (56 MW)
- Curva dos Ventos (56 MW)
- Cristal (90 MW)
- Fontes dos Ventos (80 MW)
- Fonte Solar (11 MW)
- Apiacas Solar (1 MW)

Construction completed 118 MW

- Serra Azul – wind (118 MW)



Under construction Hydro 102 MW

- Apiacas – hydro (102 MW)

Under construction Wind 442 MW

- Cristallandia (90 MW)
- Morro do Chapéu (172 MW)
- Delfina (180 MW)

Under construction Solar 807 MW

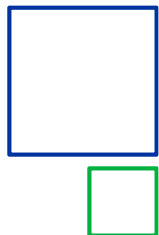
- Ituverava (254 MW)
- Cluster Lapa (158 MW)
- Nova Olinda (292 MW)
- Horizonte MP (103 MW)

1. Electricity demand 2014-2018 (TWh) as of PDE 2023

Investment Opportunities in the Renewable Sector: The Brazilian case
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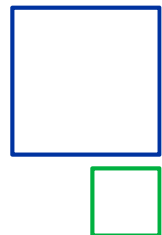
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Brazil: remuneration schemes for RES



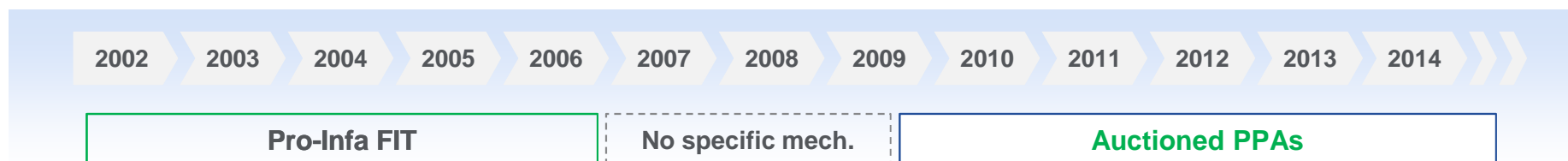
Brazil evolution: impact for RES sector



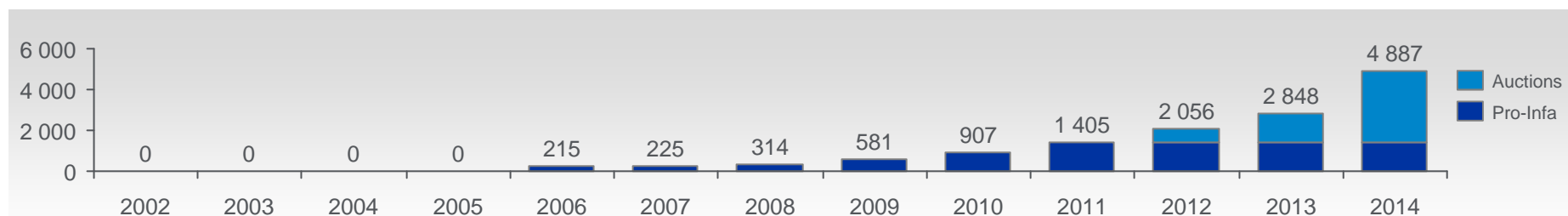
RES development scheme in Brazil



Remuneration Mechanism



Wind Installed capacity growth (MW)



Source: ANEEL, EPE, EPG






Pro-Infra proved to have limited effectiveness, also due to local content requirements, and the led Government to switch to auctioned PPAs



Brazilian auctions outcome (GW)

Wind awarding more than 60% of the auctioned capacity



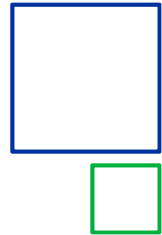
	2009	2010	2011	2012	2013	2014	2015 ¹	Total	% on total
	1.8	2.0	2.9	0.3	4.7	0.8	0.6	13.1	62%
	-	0.1	-	-	0.6	-	0.4	1.1	5%
	-	0.7	0.7	-	-	0.8	0.5	2.7	13%
	-	-	1.0	-	-	-	1.5	2.5	12%
	-	-	-	-	-	0.9	0.8	1.7	8%
Total	1.8	2.8	4.7	0.3	6.1	1.7	3.8	21.2	100%

1. As of August 2015

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RES integration in Brazil

Success factors of the auction mechanism



Competitiveness based

- Development deployed through dedicated auctions open to local and international developers
- Several qualification criteria in place allow for selection of higher-quality investors

Stable regulatory framework

- Stable and clear rules, guaranteed sale of the produced energy through PPA at pre-defined price brings a significant reduction of the regulatory risk

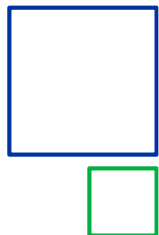


Government planning

- 10-Y expansion plan (*Plano Decenal de Expansão de Energia*) developed yearly by the EPE and long term targets work as a guide for investors in identifying development areas

Long term contracts

- PPA time horizon (30-Y for hydro plants and 20 Y for solar, wind and biomass plants) allows to reduce uncertainty on future revenues stream with positive effects in terms of financing cost



Agenda



Enel Green Power



Brazil: remuneration schemes for RES

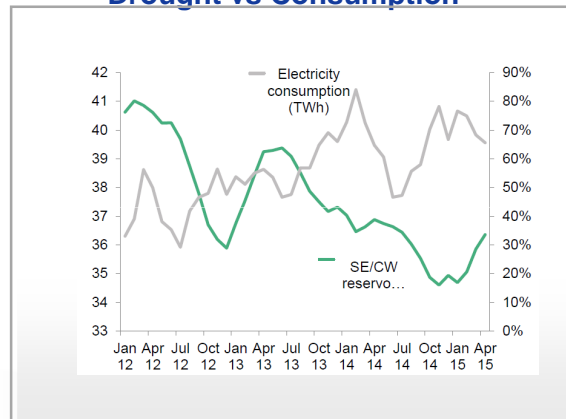


Brazil evolution: impact for RES sector

Brazil... What so far

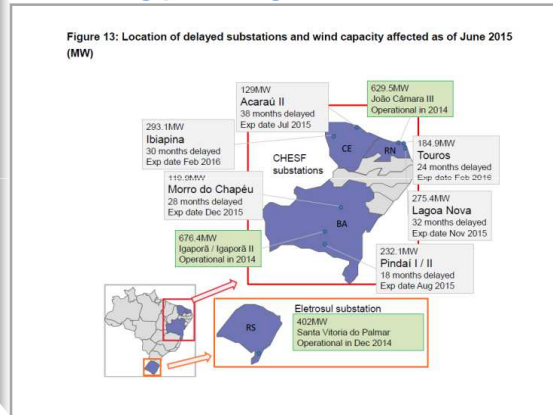


Drought vs Consumption



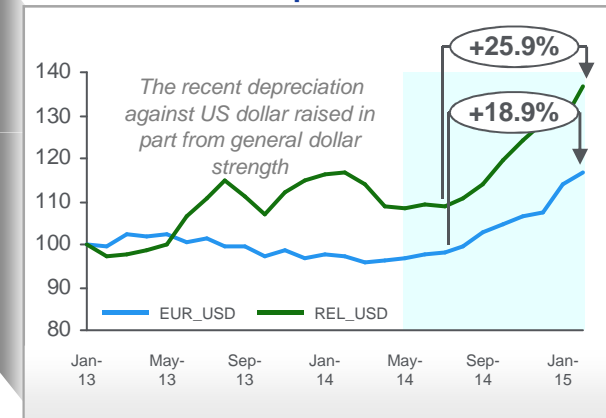
- ✓ Consumptions growth during a severe drought highlighted systems weakness

Failing planning and execution

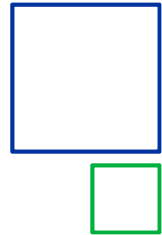


- ✓ Transmission expansion delays significantly affected the scheduled generation evolution

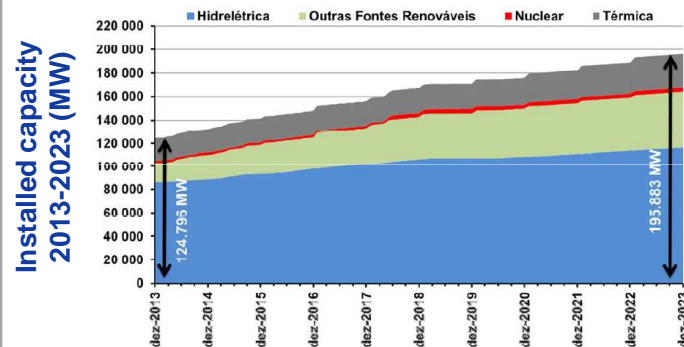
Real Depreciation



- ✓ At the start of 2015, Brazil saw its real depreciate 10% in a week.



What in the electricity sector



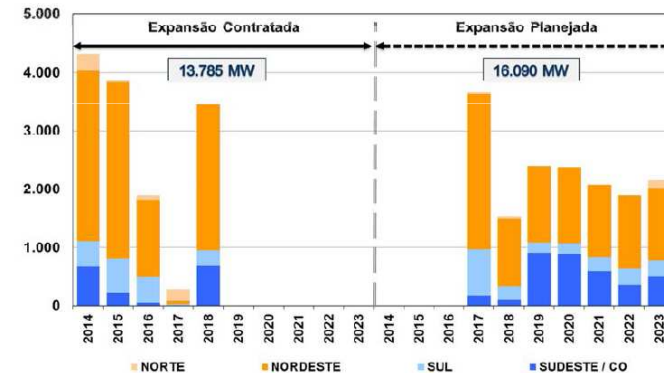
- ✓ Government Plan confirming the will to diversify the electricity matrix through an increase of the RES share

The economical commitment of Enel Green Power in Brazil is a prove of the interest for the country but the collaboration of all the involved public bodies will be necessary to address some sector criticalities and ensure the proper business contest for the Group.

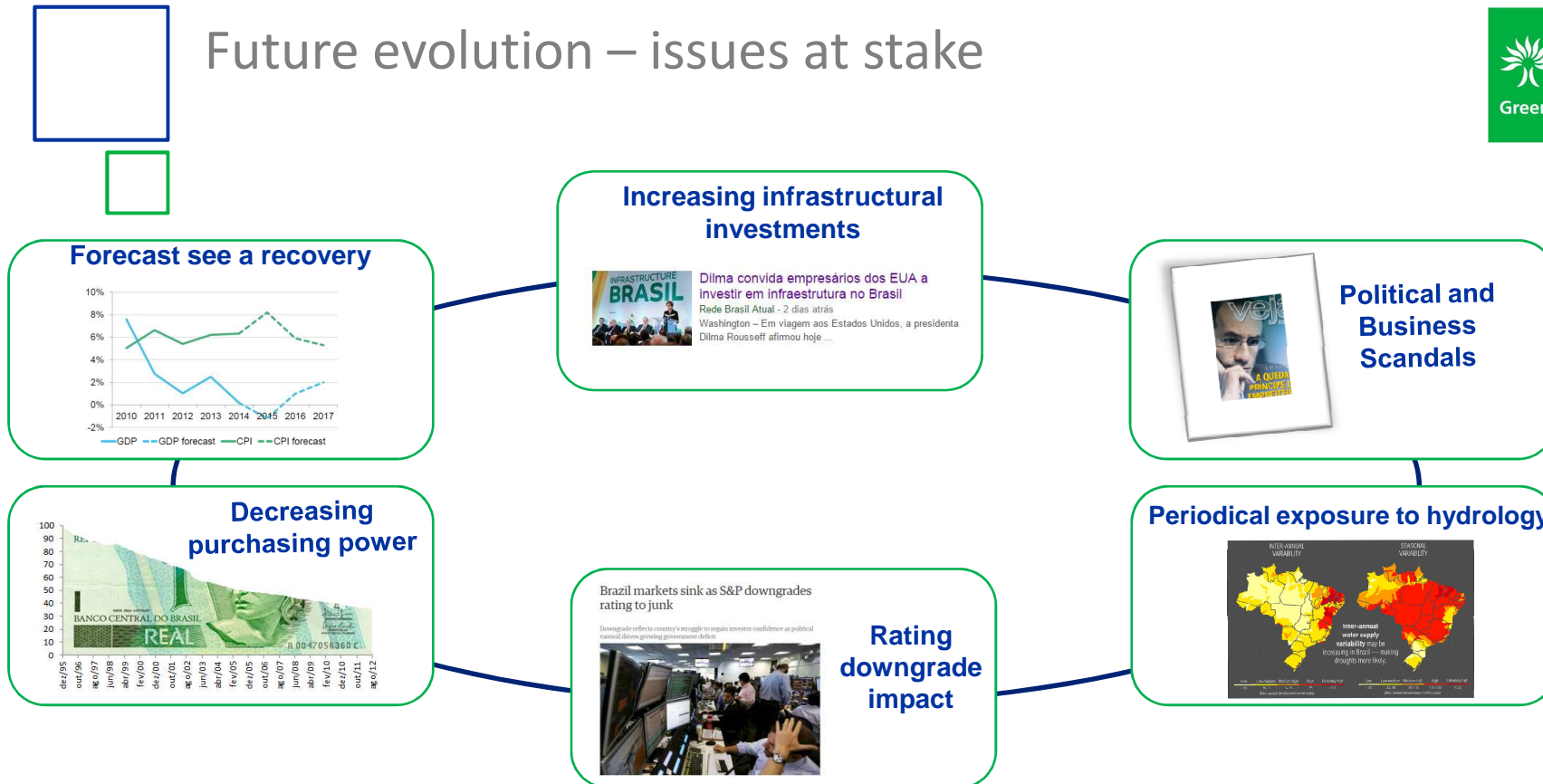
Source: PDE 2023

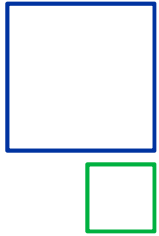
- ✓ Solar and Wind to be the leader technologies of the capacity expansion

Capacity Growth Wind, PV, Biomass 2013-2023 (MW)



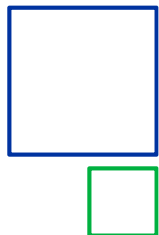
Future evolution – issues at stake



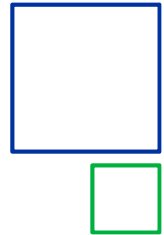


- Obrigado -

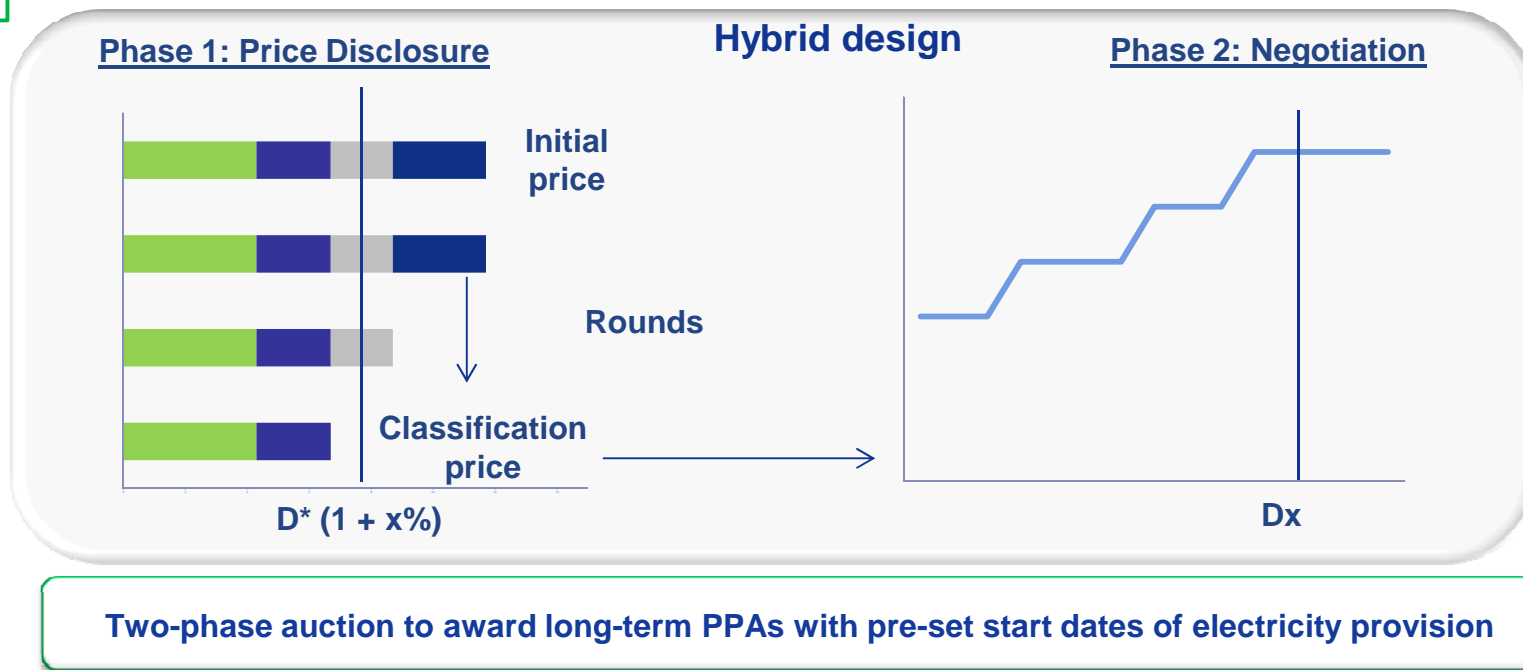
Monica De Martino
Head of Regulatory Affairs LatAm
Enel Green Power SpA

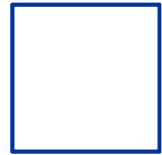


BACK UP



Brazilian auctions combine a descending-clock mechanism with a sealed bid auction





Auction scheme rationale with the Brazilian market

Competitive mechanism as best option to achieve price reduction

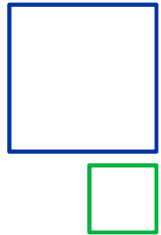


Key objective

- **Reduce price of sourced electricity by introducing a competitive mechanism (auctions) to access PPA**
 - › Price reduction stemming from meritocratic selection of projects, technology learning effects, dev driving down ceiling prices over time (learning effect).

Mechanism main features

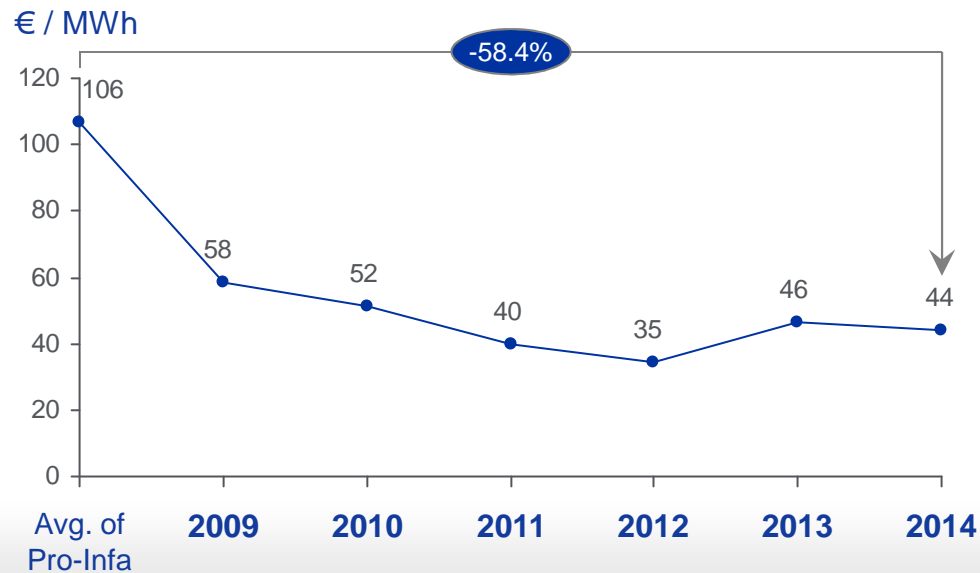
- **Two types of auctions held**
 - › New energy (regular): regularly held, contracting amounts of energy declared by DSOs to meet demand growth in the regulated market (distributors obliged to secure 100% of their forecasted demand)
 - › Reserve: used to contract supplementary energy defined by the Government to ensure security of supply
- **Price disclosure to be obtained via a well-articulated (hybrid) auction**
 - › First phase is a descending-clock auction, obliging interested players in disclosing willingness to accept and thus creating price competitiveness



Electricity price trend Impact of auctions introduction



Weighted average contracted price, by auction (€/MWh)



- The **electricity cost benefited** from the joined effect of efficiencies inside international operators coming from **better procurement conditions** across the different countries and availability to access to **financing cost reduction**
- Strong competition in all auctions also driving down ceiling prices over time