

# Glossary

The following glossary defines selected technical terms used in the consolidated financial statements. Unless otherwise specified, the terms have the following meanings.

Authority for Electricity and Gas	<p>The Authority for Electricity and Gas (the Authority) is a formally independent authority charged with fostering the development of competitive markets in the electricity and natural gas industries, primarily through the regulation of tariffs, access to networks and market operations, as well as safeguarding end users.</p> <p>Under the law establishing the Authority in 1995, its function is essentially that of “guaranteeing the promotion of competition and efficiency in the public utilities sector, ensuring the uniform availability and distribution of services throughout the country, establishing a transparent and reliable tariff system based on pre-defined criteria and promoting the interests of users and consumers”. In pursuing the objective of ensuring competitive markets, the Authority develops comments and recommendations for the Government and Parliament. It has regulatory powers, sets tariffs (and in particular the general system costs component), ensures the publicity and transparency of service terms and conditions, ensures equal access to energy networks, exercises quality control and monitoring powers over service providers and assesses complaints and reports submitted by users and consumers. In addition, the Authority was recently assigned functions concerning the quality, rates and costs of integrated water services, which had originally been assigned to the national water regulator and supervisor.</p>
Biomass	<p>Organic non-fossil material of biological origin, part of which can be used to produce energy. The various forms of energy produced from biomass are always renewable, but in different ways. They depend on daily or seasonal cycles, the amount of solar radiation, changes in climate, agricultural techniques, plant growth cycles and intensive exploitation.</p>
CIP	<p>Interministerial Price Committee.</p>
Combined cycle	<p>Technology used in power generation plants, comprising one or more gas turbine sets whose exhaust heats a boiler, which may also be heated with an additional fuel. The steam produced by the boiler is used to drive a steam turbine coupled with a generator (CCGT).</p>
Decommissioning	<p>The phase of deactivation, decontamination and dismantling of plant installations and site restoration. The ultimate goal is to achieve: (i) the complete demolition of a nuclear power plant; (ii) the removal of any restriction imposed by the presence of radioactive materials; (iii) the return of the site for other uses.</p>
Distribution	<p>The transport and transformation of electricity on medium and low-voltage grids for delivery to end users.</p>
Electricity consumption	<p>Electricity consumption for a given period is equal to the sum of electricity invoiced by utilities (Enel, municipal electric companies, other companies) and the amount consumed by self-generators. It is equal to electricity demand net of grid losses.</p>

Electricity demand	The quantity of electricity to make available on the grid. It is equal to the sum of user consumption and grid losses.
EMO	Energy Markets Operator, the company established by the ESO to operate the financial side of the electricity market on a transparent and objective basis, with a view to fostering competition among generators and ensuring the availability of adequate reserve capacity.
Enhanced protection service	The supply of electricity on the basis of prices and contractual terms set by the Authority for Electricity and Gas. The enhanced protection service serves residential customers and small companies (those with fewer than 50 employees and an annual turnover of less than €10 million with low-voltage supply) that have never changed supplier or who have requested to return to the service after having contracted for service on the free market with other suppliers (the enhanced protection service conditions also apply to residential customers and small companies that find themselves without an electricity supplier).
ESO	Energy Services Operator (formerly GRTN), established pursuant to Article 3 of the Bersani Decree, the company, wholly owned by the Ministry for the Economy and Finance, distributes incentives for the generation of electricity from renewable and equivalent resources. It also certifies plants and their output as renewable.
European Pressurized Reactor (EPR)	The European pressurized water reactor, more commonly referred to as an EPR (European Pressurized Reactor or Evolutionary Power Reactor), is a generation III+ nuclear fission reactor in which the core is cooled and the neutrons are moderated with ordinary water (sometimes called light water to distinguish it from heavy water).
Generation	The production of electricity, however generated.
Gigawatt or GW	Unit of measure equal to 1 billion watts (1,000 MW).
Gigawatt-hour or GWh	Unit of measure equal to 1 million Kilowatt-hours.
Green certificates	These are the certificates provided for under Article 5 of the Ministerial Decree of November 11, 1999, that certify the generation of electricity from renewable resources. Green certificates are issued by the ESO for the first fifteen years of operation of a plant and can be traded directly or on the market organized by the ESO. Demand is supported by the requirement for generation companies and importers to deliver a portion of their annual output in the form of power generated from renewable resources.
Gross generation	The total amount of electricity (including that generated subject to pumping) produced by all the generator units concerned (primary heat engine and one or more mechanically coupled electricity generators), as measured at the output terminals of the main generators.
Kilowatt or kW	A unit of measure equal to 1,000 watts.
Kilowatt-hour or kWh	A unit of measure that represents 1,000 watts of electricity supplied or demanded in an hour.
Mass-market customers	Residential and micro-business customers.
Megawatt or MW	Unit of measure equal to 1 million watts.

Megawatt-hour or MWh	Unit of measure that represents 1,000,000 watts of electricity supplied or demanded in an hour.
Micro-business customers	Customers with a VAT registration number with annual electricity consumption of less than 50,000 kWh.
Natural gas	Gas mainly composed of methane (from 88% to 98%), with the remainder accounted for by other hydrocarbons such as ethane, propane, butane, etc.
Net efficient power (in MW)	The maximum amount of electric power that can be continuously produced over a sufficiently long given period of operation, assuming that all the parts of the plant are functioning, as measured at the point of delivery to the grid; that is, net of the power used by the plant itself and the power lost in the transformers required to raise the voltage to the grid level.
Net generation	Gross electricity production net of the electricity used by auxiliary generation services and losses in main transformers.
NTN	The Italian national electricity transmission network, composed of the transformer stations and high and very-high voltage power lines in Italy.
Power Exchange	The electricity market organized and operated by the ESO through an electronic platform. Participants include generation companies, wholesalers, the Single Buyer and certain end users. The market equilibrium prices is obtained through the matching of the electricity demand of and electricity supply from the participants.
Rating	Assessment of the quality of a company or its issues of debt securities on the basis of the financial soundness of the company and its outlook. The assessment is performed by specialized agencies.
Remote meter operation	A system of interconnected electronic meters (also called smart meters) used to implement an integrated system for meter reading, communication and management of electricity supply contracts remotely, using the low-voltage power grid as the data transmission infrastructure.
Renewable resources	The sun, wind, water, geothermal resources, tides, waves, biomass and organic waste.
Residential customers	Customers who consume electricity for home use, as defined by Article 2.2, letter A, of the Integrated Transport Regulations published by the Authority for Electricity and Gas.
Single Buyer	Acquirente Unico SpA (the Single Buyer) is a company established by the ESO pursuant to Article 4, paragraph 1 of the Bersani Decree. It is charged with ensuring the availability of sufficient electricity to meet the demand of all customers in the “enhanced protection” market, by purchasing the necessary power and selling it to distributors on non-discriminatory terms that enable the application of a single national rate for customers. For this purpose, the Single Buyer can purchase electricity on the Power Exchange or through bilateral contracts.
Station	An electricity transformation or switching facility.

Stranded costs	Costs generated by contractual commitments and investment decisions that electric companies undertook in response to government economic policy decisions in a non-competitive market that could have been recovered under a monopoly.
Tax equity partnership	An agreement governed by US tax law, which permits the assignment of the tax benefits granted in the United States to companies that generate electricity from renewable resources to a third-party entity (the so-called "tax equity investor") under certain conditions and specific circumstances.
Terawatt or TW	Unit of measure equal to 1 billion kW.
Terawatt-hour or TWh	1 billion kWh.
Transmission	The transport and transformation of electricity from generation plants or imported power over the interconnected high- and very-high-voltage grid to end users connected to that grid and to distributors.
Watt	Unit of measure of electric power.