

# Annual Report 2014





# Annual Report 2014



# Table of contents

## Report on operations

Enel Green Power		6
The Group structure		7
Enel Green Power worldwide		8
Corporate boards		10
Letter to shareholders and other stakeholders		13
Summary of the resolutions of the Ordinary Shareholders' Meeting		17
Summary of Group results		20
Summary of Parent Company results		30
Significant events in 2014		34
Reference scenario		41
Economic and energy conditions in 2014		44
Electricity markets		48
How we operate		69
Overview of the Group's performance and financial position		94
Overview of the Parent Company's performance and financial position		105
Reconciliation of shareholders' equity and net income of Enel Green Power SpA and the corresponding consolidated figures		112
Analysis of sustainability indicators		113
Performance and financial position by segment		124
> Europe		126
> Latin America		133
> North America		139
Main risks and uncertainties		142
Outlook		144
Regulations governing non-EU subsidiaries		145
Regulations governing subsidiaries subject to the management and coordination of other companies		147
Related parties		148
Other information		150

## Consolidated financial statements | 153

Notes to the financial statements		160
-----------------------------------	--	-----

## Declaration of the Chief Executive Officer and the officer responsible for the preparation of corporate financial reports | 254

## Reports

Report of the Independent Auditors		258
------------------------------------	--	-----

## Financial statements | 263

Notes to the financial statements		271
-----------------------------------	--	-----

## Declaration of the Chief Executive Officer and the officer responsible for the preparation of the financial reports | 320

## Reports

Report of the Board of Statutory Auditors		324
Report of the Independent Auditors		334

## Corporate governance | 338

## Attachments

Subsidiaries, associates and other significant equity investments of the Enel Green Power Group at December 31, 2014		342
----------------------------------------------------------------------------------------------------------------------	--	-----







## Report on operations

# Enel Green Power



**Enel Green Power**, founded in December **2008**, is the Enel Group company entirely devoted to the development and management of the Group's renewables generation operations around the world, boasting a presence in **15 countries** in Europe, Africa and the Americas with 3,609 employees.

The company is the world leader in the generation of power from renewable resources, with **9,626 MW** of **installed capacity** and **31.8 TWh** of output in 2014, **avoiding the emission of 22 million metric tons of CO<sub>2</sub>**.

The Enel Green Power Group has **735 plants in operation**, **24 authorized plants** and **27 plants under construction** at December 2014, with a diversified generation mix that includes wind, solar, hydroelectric, geothermal and biomass power plants.



# The Group structure<sup>(1)</sup>

## Corporate

### Enel Green Power SpA

#### Europe

- Enel Green Power Romania
- Enel Green Power Bulgaria
- Enel Green Power Hellas
- Enel Green Power España
- Enel Green Power South Africa
- Enel Green Power Turkey Enerji Yatirimlari Anonim Şirketi
- 3SUN<sup>(2)</sup>
- Other minor - Italy<sup>(3)</sup>

#### Latin America

- Enel Brasil Participações
- Enel Green Power Latin America
- Enel Green Power Costa Rica
- Enel Green Power Guatemala
- Enel Green Power México
- Enel Green Power Panama
- Enel Green Power El Salvador
- Enel Green Power Colombia
- Enel Green Power Perú
- Enel Green Power Uruguay

#### North America

- Enel Green Power North America
- Enel Green Power North America Development

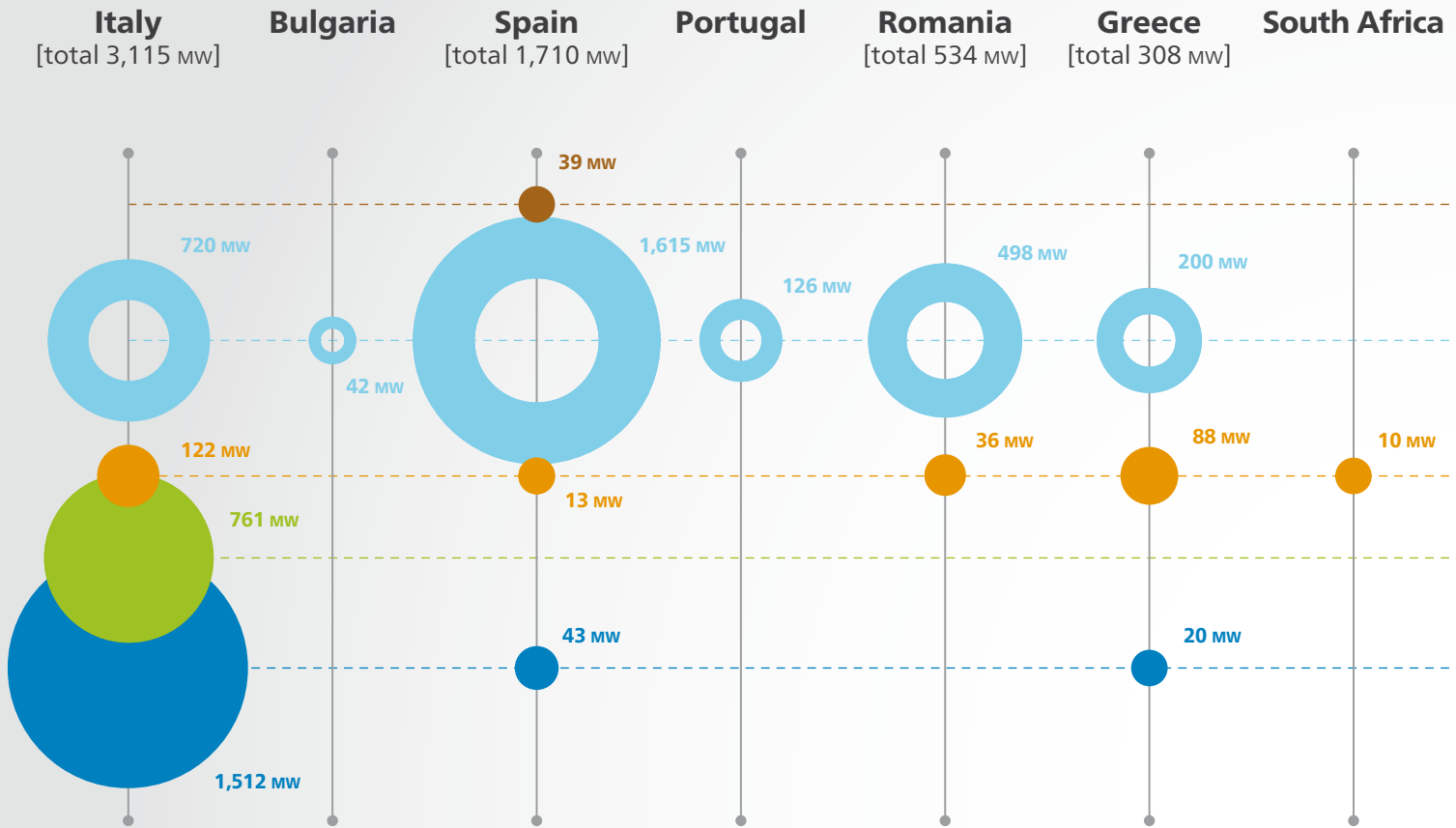
(1) As from April 24, 2014, the Group has adopted the following organizational structure:

- > Europe, which includes Iberia, as well as the countries previously included in the Italy and Europe area;
- > Latin America;
- > North America.

(2) Joint control.

(3) Enel Green Power CAI Agroenergy, Enel Green Power Calabria, Enel Green Power Finale Emilia, Enel Green Power Partecipazioni Speciali, Enel Green Power Puglia, Enel Green Power San Gillio, Enel Green Power Strambino Solar, Energia Eolica, Maicor Wind, Taranto Solar, Enel Green Power Solar Energy and PowerCrop (joint control).

# Enel Green Power worldwide



## Resources



Hydroelectric



Solar



Biomass



Geothermal



Wind

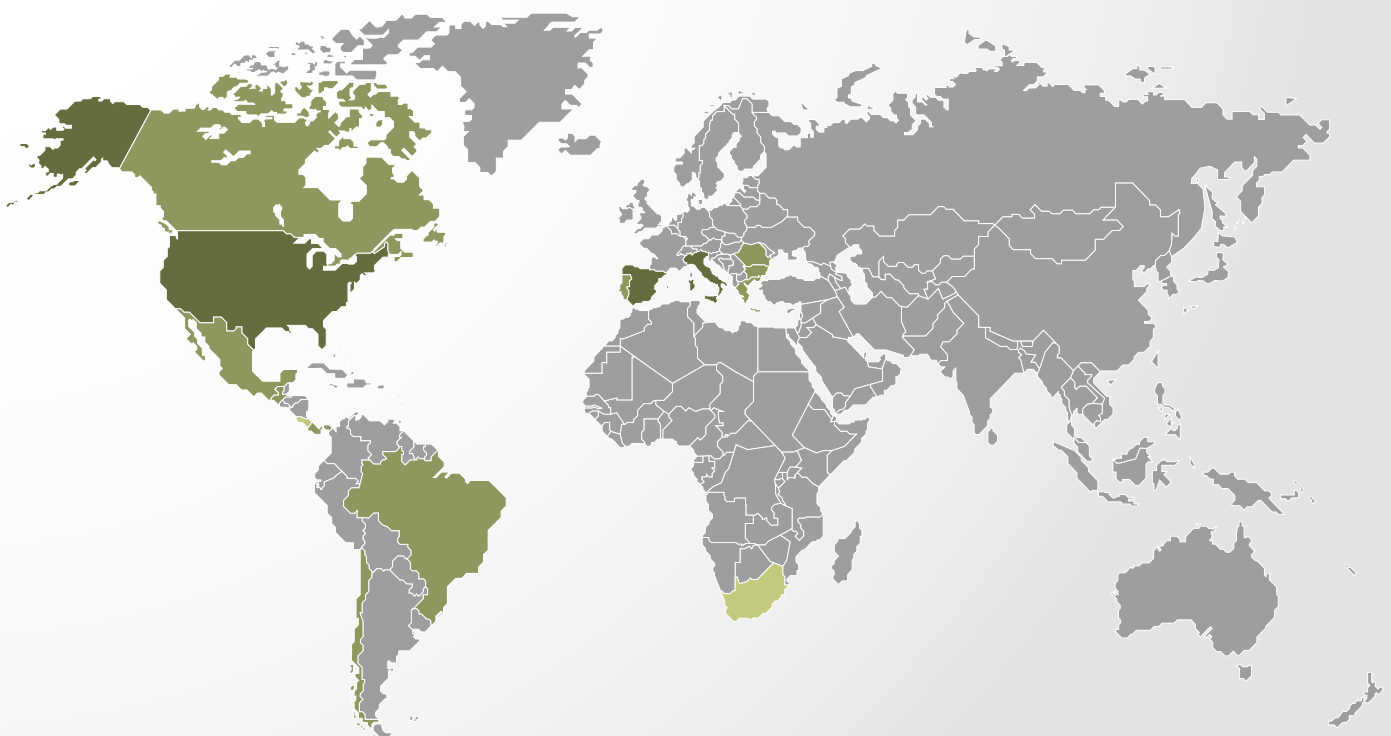
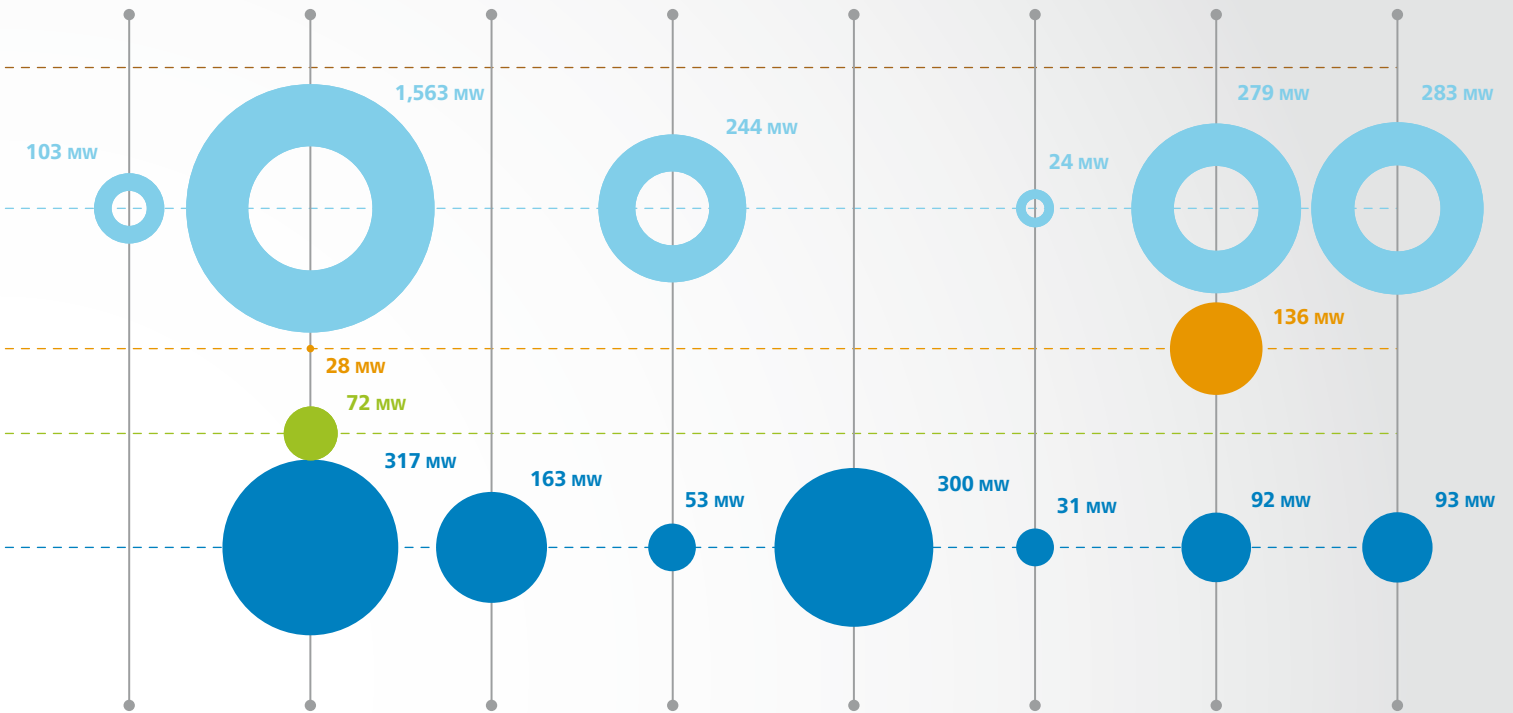
## Installed capacity

Up to 100 mw ■

Between 100 and 1,000 mw ■

More than 1,000 mw ■

Canada      USA [total 1,980 MW]      Guatemala      Mexico [total 297 MW]      Panama      Costa Rica [total 55 MW]      Chile [total 507 MW]      Brazil [total 376 MW]



# Corporate boards

## Board of Directors

<b>Chairman</b> Alberto De Paoli <sup>(4)</sup>	<b>Chief Executive Officer</b> Francesco Venturini <sup>(5)</sup>	<b>Directors</b> Luca Anderlini Carlo Angelici Andrea Brentan Francesca Gostinelli Giovanni Battista Lombardo Giovanni Pietro Malagnino Paola Muratorio Luciana Tarozzi
----------------------------------------------------	----------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

## Board of Auditors

<b>Chairman</b> Franco Fontana	<b>Standing auditors</b> Giuseppe Ascoli Maria Rosaria Leccese	<b>Alternate auditors</b> Anna Rosa Adiutori Pietro La China Alessio Temperini
-----------------------------------	----------------------------------------------------------------------	-----------------------------------------------------------------------------------------

## Independent auditors

Reconta Ernst & Young
-----------------------

(4) Until December 17, 2014, Luigi Ferraris was a director and Chairman of the Board of Enel Green Power SpA. Following the resignation of Luigi Ferraris, with a resolution of December 17, 2014, the Board of Directors of the Company appointed Alberto De Paoli as a director pursuant to Article 2386 of the Italian Civil Code and Chairman of Enel Green Power SpA.

(5) Until May 22, 2014, Francesco Starace was a director and Chief Executive Officer of Enel Green Power SpA. Following the resignation of Francesco Starace, with a resolution of May 23, 2014, the Board of Directors of the Company appointed Francesco Venturini as a director pursuant to Article 2386 of the Italian Civil Code and Chief Executive Officer of Enel Green Power SpA.

# Powers

## Shareholders' Meeting

The Ordinary Shareholders' Meeting appoints the Board of Directors and the Board of Auditors of the Company, as well as the company engaged to perform the statutory auditing of the accounts. The Ordinary Shareholders' Meeting also approves the financial statements and the distribution of dividends. The Extraordinary Shareholders' Meeting approves changes to the bylaws and resolves all other matters for which it is responsible under the provisions of law.

## Board of Directors

The Board is vested with the broadest powers for the ordinary and extraordinary management of the Company. More specifically, it determines the strategic objectives of the Company and the Enel Green Power Group and reviews and approves the Business Plan. In addition to its strategic policy-setting role, the Board is responsible for ensuring the presence of controls to monitor developments in Enel Green Power and the Group as a whole. The Board of Directors of Enel Green Power in office since April 24, 2013 has 10 members (7 men and 3 women), of whom 6 qualified as independent.

The Chairman of the Board of Directors is vested by law and the bylaws with the powers to govern the operation of the Shareholders' Meeting and the Board of Directors and to represent and sign on behalf of the Company. In addition, the Chairman also verifies implementation of the resolutions of the Board of Directors. The Chief Executive Officer is also vested by the bylaws with the powers to represent and sign on behalf of the Company and, under the authority of applicable Board resolutions, has been granted all powers for managing the Company, with the exception of those that are otherwise assigned by law, the bylaws or resolutions of the Board of Directors.

The Board of Directors has established three internal committees charged with assessing certain especially sensitive issues, which among other things could give rise to conflicts of interest, and with providing advice and recommendations in these areas. All of the committees are composed exclusively of independent directors.

- > The Control and Risk Committee is charged with conducting due diligence with regard to the assessments and decisions of the Board of Directors concerning the internal control system and the risk management system, as well as the approval of the periodic financial reports. As established in the Rules, the Control and Risk Committee is also responsible for assisting the Board of Directors in assessing the appropriateness of efforts in the area of corporate social responsibility, as well as the completeness and transparency of the disclosures provided through the Annual Report.
- > The Nomination and Compensation Committee is responsible for assisting the Board with advice and recommendations in assessing and deciding the size and composition of the Board, as well as the remuneration of Directors and key management personnel.
- > The Related Parties Committee is charged with providing opinions on the Company's interest in carrying out transactions with related parties, offering an assessment of the attractiveness and substantive fairness of the terms and conditions of such transactions.



## Board of Auditors

Among its various duties, the Board of Auditors monitors compliance with the law and the bylaws of Enel Green Power, the appropriateness of the Company's organization, the internal control system and the administrative-accounting system, as well as the financial reporting process, the statutory auditing of the accounts and the independence of the audit firm. The Board of Auditors also participates in the meetings of the Board of Directors and presents an annual report to the Shareholders' Meeting.

## Independent auditors

Reconta Ernst & Young SpA has been engaged to perform the statutory audit of the accounts of Enel Green Power for the years from 2011 to 2019.

# Letter to shareholders and other stakeholders

Shareholders,

The year 2014 was one of tremendous growth for renewables around the world: global investment in clean energy increased by 16% over the previous year, with total expenditure of \$310 billion, <sup>(6)</sup> five times greater than ten years ago.

International sources <sup>(7)</sup> estimate that the installed renewables capacity around the world has reached more than 1,775 GW, an increase of about 130 GW (+8%) compared with 2013. Wind and solar technologies made the largest contribution to the development of renewables and together account for around 75% of global additional capacity. In the wind sector, more than 48 GW of additional capacity was installed, of which 25 GW in Asia, 11 GW in Europe, 7 GW in North America and around 6 GW in the rest of the world. Today total installed wind capacity stands at around 370 GW.

Last year was a particularly good year for the solar industry, which registered more than 47 GW of additional capacity, of which 26 GW in Asia, 7 GW in Europe and 8 GW in North America. Cumulative installed solar capacity is estimated to have reached the record figure of about 190 GW, up 34% compared with 2013.

Despite the very challenging macroeconomic context, the crisis in consumption and changes in regulatory frameworks that marked some geographical areas, renewables have a great track record and strong growth prospects globally.

In this complex and increasingly competitive environment, Enel Green Power has confirmed its development strategy based on technological and geographical diversification, focusing its efforts in expanding markets with abundant natural resources, high rates of growth in electricity demand and stable socio-economic environments.

This development strategy has been supported by the growing integration of sustainability in our strategic vision, aiming to operate with innovation, adopting a less reactive approach to critical issues in favor of becoming more pro-active, seeking out opportunities to create shared value between the company and local communities with whom we work. Consistent with this approach, development activities have been marked by dialogue with stakeholders and the analysis of the needs of local territories, leading to the identification of effective initiatives to respond to local needs in synergy with our corporate objectives.

We also posted strong performance again this year. On an operational level, we consolidated our growth with 1 GW of new capacity, mainly in the Americas, fully meeting our commitments to shareholders.

Consequently, the net installed capacity of the Enel Green Power Group at the end of 2014 amounted to 9.6 GW, of which 5.7 GW (59.3%) of wind power, 2.6 GW (27.3%) of hydroelectric, 0.8 GW (8.7%) of geothermal, 0.4 GW (4.5%) of solar and 0.1 GW (0.4%) of biomass.

The Group's net output in 2014 amounted to 31.8 TWh, of which 13.9 TWh (43.7%) of wind generation, 11.5 TWh (36.2%) of hydroelectric, 5.9 TWh (18.6%) of geothermal, 0.4 TWh (1.3%) of solar and 0.1 TWh (0.3%) of biomass.

(6) Bloomberg New Energy Finance, "Global Trends in Clean Energy Investment", January 2015.

(7) Bloomberg Energy Finance data, February 2015.

Electricity generation increased by 2.5 TWh (8.5%) overall compared with 2013, due primarily to the expansion of installed capacity.

Overall, in 2014 electricity generated by Enel Green Power avoided the emission of about 22 million metric tons of CO<sub>2</sub>.

On the performance front, the Group reported revenue of €2,996 million, an increase of 10.1% compared with 2013. The increase in revenue amounted to €275 million and is attributable to the effects of the increase in revenue from the sale of electricity, reflecting increased production in conjunction with the proceeds from the sale of certain non-strategic investments. The gross operating margin amounted to €1,942 million, an increase of €163 million (+9.2%) compared with 2013.

## Significant events in 2014

Enel Green Power has continued to implement its development cycle in markets with the greatest growth potential, increasing our diversification in countries with plentiful resources, thereby further mitigating the risks associated with the natural variability of resource availability and possible changes in conditions or regulations in the countries in which we operate. At the same time, the Group continued its efforts to create value in mature markets, relying primarily on the pursuit of operational excellence.

More specifically, in 2014 our activities were concentrated in the Americas, where we channeled about 75% of the more than €1.6 billion invested in the year, producing additional capacity of about 930 MW in the area.

In Chile, Enel Green Power completed and connected to the grid a total of 235 MW, including the Taltal wind farm and three photovoltaic systems: Chañares, Diego de Almagro and Lalackama. The latter, with 60 MW of installed capacity, is currently Enel Green Power's largest photovoltaic plant. The four new renewables plants will be able to generate about 630 GWh per year. Finally, in early November 2014, Enel Green Power signed an agreement with Endesa Chile for the long-term supply of electricity. Through this strategic partnership, Enel Green Power will develop wind and photovoltaic plants with an installed capacity of over 300 MW.

In Mexico, Enel Green Power has completed and connected to the grid the new Dominica I wind farm. With this 100 MW plant, which can generate up to 260 GWh per year, Enel Green Power now has a total installed capacity in Mexico of almost 300 MW, doubling its wind capacity. In addition, at the end of December we had about 200 MW under construction with the Dominica II and Sureste plants, with the latter entering service in March 2015.

In Brazil, we completed the construction of five wind projects with a total capacity of nearly 200 MW: Joana (28 MW), Modelo I (31 MW), São Judas (30 MW), Cristal (30 MW) and Fonte dos Ventos (80 MW). In March 2014 we started work on the construction of the new Apiacás hydroelectric complex, which will have a total installed capacity of over 100 MW. Once in operation, the hydroelectric facility will be able to generate up to about 490 GWh per year.

In addition, the Group has secured new projects in Brazil, winning supply contracts for 458 MW in the two competitive tenders organized by the government: they include two projects in the wind sector, Morro do Chapéu and Delfina, totaling 204 MW, and the Ituverava photovoltaic project totaling 254 MW. Once in operation, the three plants will be able to produce about 1.4 TWh per year of clean energy, thus helping to satisfy the country's great appetite for electricity, which is projected to grow at an average annual rate of 4% through 2020.<sup>(8)</sup>

(8) "Plano decenal de expansão de energia 2023", Ministry of Mining and Energy of Brazil, September 2014.

In North America, which among the mature markets enjoys a highly favorable macroeconomic and regulatory environment, we strengthened our presence with the entry into service of the Origin and Buffalo Dunes wind farms, with 150 MW and 250 MW of capacity respectively.

Enel Green Power continues to maintain a solid presence in Europe, where the Group's strategy focuses primarily on operating our generation facilities and the constant pursuit of operational excellence, leveraging the know-how of our "operation and maintenance" unit in order to optimize costs and improve the production efficiency of our generation assets.

In Italy, Enel Green Power continues to exploit market niches represented by geothermal power, as underscored with the entry into service, in late December 2014, of the new Bagnore 4 geothermal power plant, with a net installed capacity of 38 MW, which at full capacity can produce up to 310 GWh of electricity per year.

In 2014, Enel Green Power has extended its operations to Uruguay and South Africa, beginning construction of our first wind farm in Uruguay (Melowind), with 50 MW of capacity, and connecting our first South African photovoltaic plant (Upington) with a total installed capacity of 10 MW. We also have more than 500 MW of wind and photovoltaic projects under construction in South Africa, which were awarded in the competitive tender held by the government in 2013.

In the course of 2014 significant strategic operations were also completed, achieving highly positive financial and industrial results.

Enel Green Power began preparations for the acquisition of 100% of the shares of 3SUN, the former joint venture between Enel Green Power, Sharp and STMicroelectronics created in 2010 for the production of thin-film multi-junction photovoltaic panels. This transaction, completed in March 2015, enables Enel Green Power to maintain a strategic vertically integrated supply chain in the photovoltaics industry and to promote innovation as our main source of lasting and sustainable competitive advantage.

In addition, Enel Green Power has initiated a process of optimizing our asset portfolio in order to free up additional resources to be allocated to investments in fast-growing areas. One initiative in this effort was the sale of the subsidiary Enel Green Power France, since the growth prospects in that country remained more limited than originally assumed. The operation, for a price of about €300 million, generated a capital gain of around €30 million. In the United States, we are working on the sale of a minority stake in a group of technologically diversified plants in response to growing market interest in investments with more predictable returns in an environment of low interest rates. The funds generated by this operation will help finance further development in the area.

Of an entirely different nature was the sale of our stake in LaGeo – the joint venture between Enel Green Power and Inversiones Energéticas SA de Cv for the development of geothermal energy in El Salvador – for a total of over €200 million, generating a capital gain of more than €100 million. The Group's presence in the country, in fact, was the product of the government's interest in developing the geothermal sector with the support of strategic partners. However, the failure to implement the partnership in the form originally envisaged prompted us to exit the country.

The activities and the results presented above are undoubtedly important, but even more significant is how we achieved them: with an unwavering commitment to the safety of all our 3,609 employees in 15 countries, through the careful management of processes that impact the environment in order to prevent or minimize those impacts, establishing a responsible and proactive relationships with the communities in which we operate. Last year also saw the effective definition of all the constituent elements of the "Creating Shared Value" model, which is founded on the integration of sustainability tools within the value chain of the Group, achieved through the direct involvement of a broad number of employees from all company departments and geographical areas.

Enel Green Power will continue down this path in 2015, fulfilling all of its objectives and maintaining an approach oriented towards creating shared value in all our plant development, design, construction and operation activities, thereby creating shared value for our shareholders and stakeholders.

The Chief Executive Officer and General Manager  
Francesco Venturini



# Summary of the resolutions of the Ordinary Shareholders' Meeting

The Ordinary Shareholders' Meeting of Enel Green Power SpA, held on May 8, 2015, on single call in Rome, at Centro Congressi Enel, Viale Regina Margherita, 125, has:

1. approved the financial statements of Enel Green Power SpA for the year ended December 31, 2014, having acknowledged the results of the consolidated financial statements of the Enel Green Power Group for the year ended December 31, 2014, which shows a Group's ordinary net income for the year amounting to €528 million;
2. resolved:
  - (i) with regard to Enel Green Power SpA's net income for the year 2014, amounting to €431,037,201 to earmark:
    - for the distribution to the shareholders, as dividend, of €3.2 cents for each of the 5,000,000,000 ordinary shares in circulation on May 18, 2015, the scheduled ex-dividend date, for an overall amount of €160 million;
    - for "retained earnings" the remainders of the aforesaid net income, amounting to a total of €271,037,201;
  - (ii) to pay, before withholding tax, if any, the aforesaid dividend of €3.2 cents per ordinary share for the financial year 2014 as from May 20, 2015, with the ex-dividend date of coupon no. 5 falling on May 18, 2015 and the record date (i.e. the date of the title to the payment of the dividend, pursuant to Article 83-terdecies of Legislative Decree 58 of February 24, 1998 and to Article 2.6.7, paragraph 2, of the Rules of the Markets organized and managed by Borsa Italiana SpA) falling on May 19, 2015;
3. appointed Francesco Venturini, Alberto De Paoli and Ludovica Maria Vittoria Parodi Borgia as members of the Board of Directors of Enel Green Power SpA, pursuant to Article 2386 of the Italian Civil Code, who will remain in office until the expiration of the office of the current Board of Directors, i.e. until the date of the Meeting that will be held for the approval of the financial statements for the financial year ending on December 31, 2015, granting the abovementioned Directors, *pro rata temporis*, with the same remuneration resolved by the Shareholders' Meeting held on April 24, 2013 for such office;
4. appointed the Director, Mr. Alberto De Paoli, as Chairman of the Board of Directors of Enel Green Power SpA;
5. resolved to:
  - (i) authorize the execution of a D&O insurance policy extended also in favor of Directors and Statutory Auditors of Enel Green Power SpA in order to protect them from events connected to the exercise of their office, also by adhering to the master's policy of Enel SpA;
  - (ii) grant the Board of Directors and on its behalf the Chairman or the Chief Executive Officer, also on a several basis and with faculty to sub-delegate, with the broadest powers for the definition and execution of the aforementioned D&O insurance policy;
6. resolved to:
  - (i) approve the long-term Incentive Plan 2015 reserved to the management of the Enel Green Power Group, whose features are described in the relevant information document prepared pursuant to Article 84-bis, paragraph 1, of the CONSOB resolution no. 11971 of May 14, 1999 and made available to the public at the Company's registered office, on the Company's website ([www.enelgreenpower.com](http://www.enelgreenpower.com)) and at the authorized storage mechanism "1Info" ([www.1info.it](http://www.1info.it));

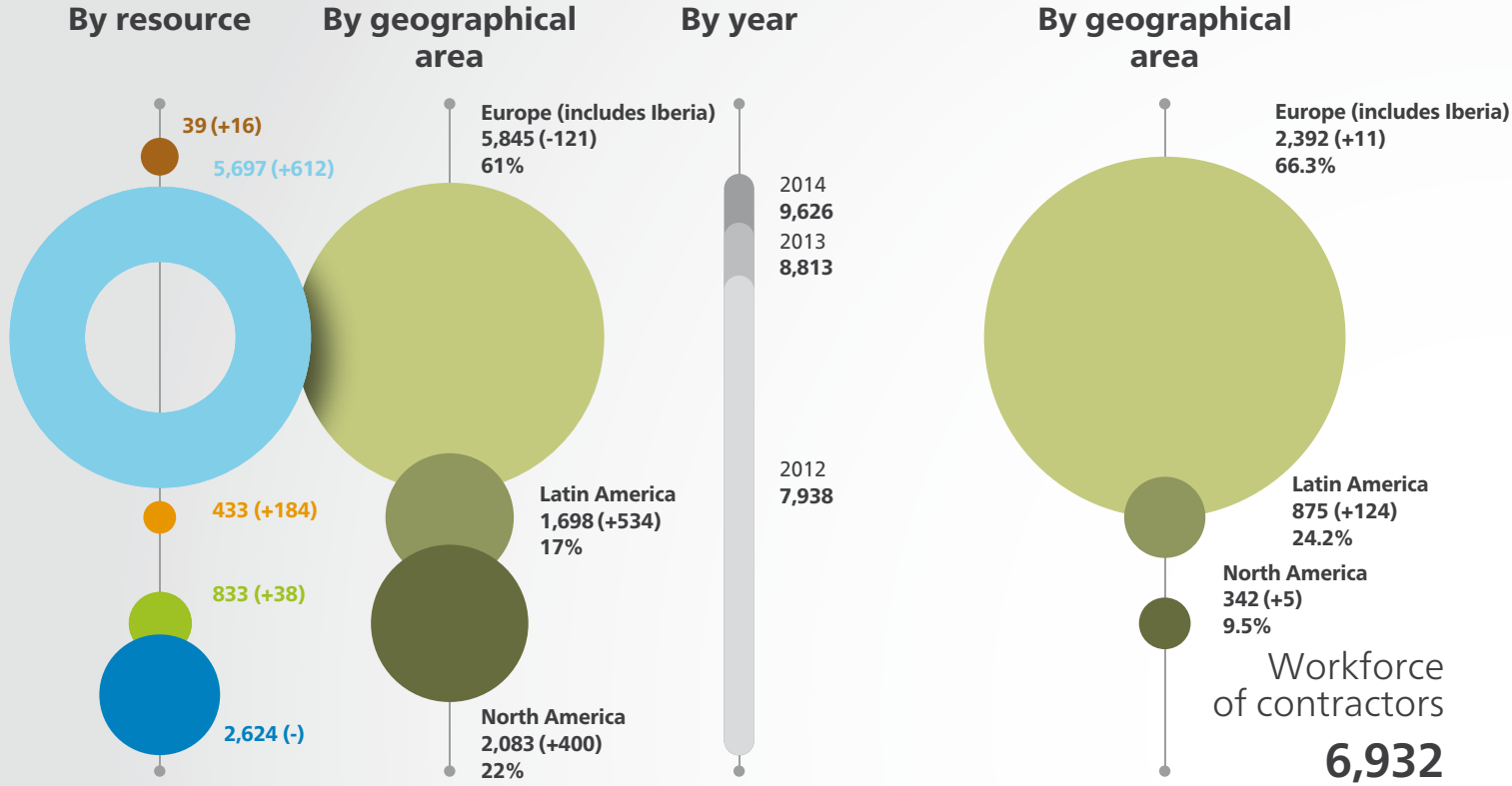
- (ii) grant the Board of Directors and, for it, the Chairman or the Chief Executive Officer, severally, with the faculty to sub-delegate, all the broadest powers necessary for the actual implementation of the long-term Incentive Plan for year 2015, to be exercised in accordance to the relevant information document. For this purpose, the Board of Directors is entitled, by way of example and not limited to, to identify the beneficiaries of the Plan as well as to approve the regulation for the implementation of the Plan itself;
7. resolved in favor of the first section of the remuneration Report prepared pursuant to Article 123-ter of Legislative Decree 58 of February 24, 1998, as subsequently amended and to Article 84-*quater* of the Regulation on Issuers adopted by CONSOB with resolution no. 11971/1999, as subsequently amended, containing the description of the remuneration policy of the members of the Board of Directors, of the General Manager and of the Executives with strategic responsibilities adopted by the Company for the financial year 2015, as well as the procedures used to adopt and implement such policy.



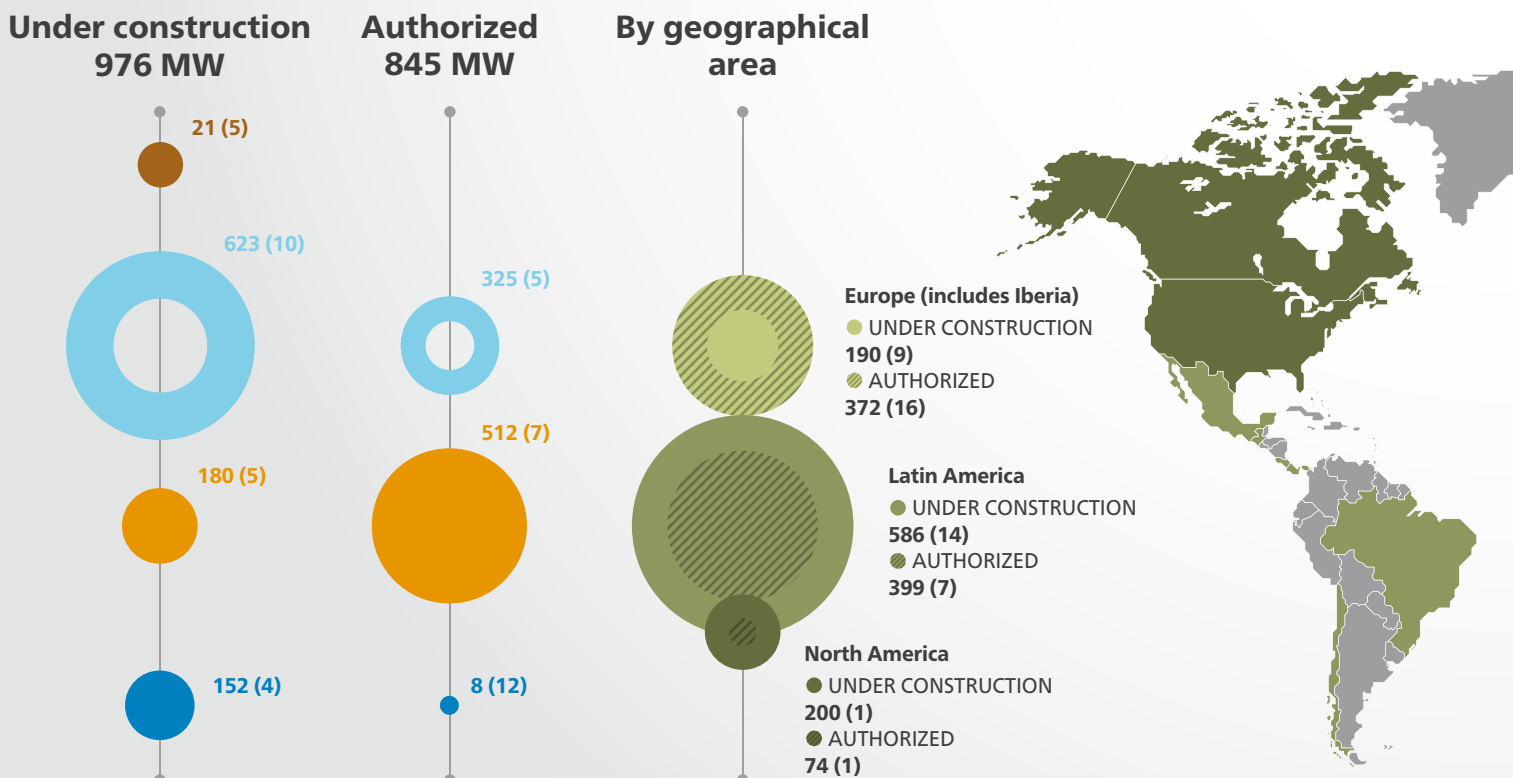
# Summary of Group results

**NET INSTALLED CAPACITY: 9,626 MW (+813)**  
in MW (change from 2013)

**EGP WORKFORCE: 3,609 (+140)**  
No. of employees (change from 2013)



**NEW PLANTS BY RESOURCE**  
in MW (number of plants)



# Resources

-  Hydroelectric
-  Geothermal
-  Solar
-  Wind
-  Biomass

## ELECTRICITY GENERATION: 31.8 TWh (+2.5) in TWh (change from 2013)

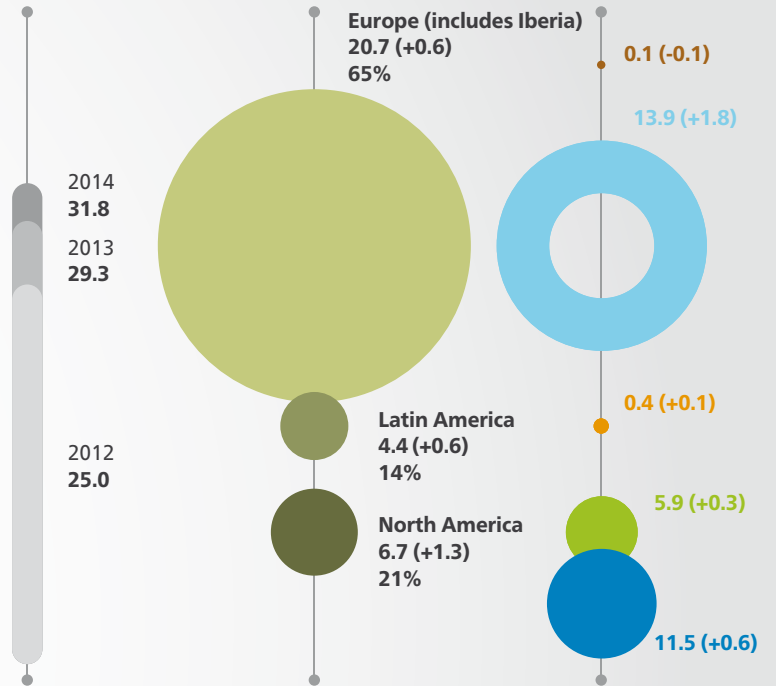
By year

By geographical area

By resource

Spending on technological innovation  
**€16.9** million

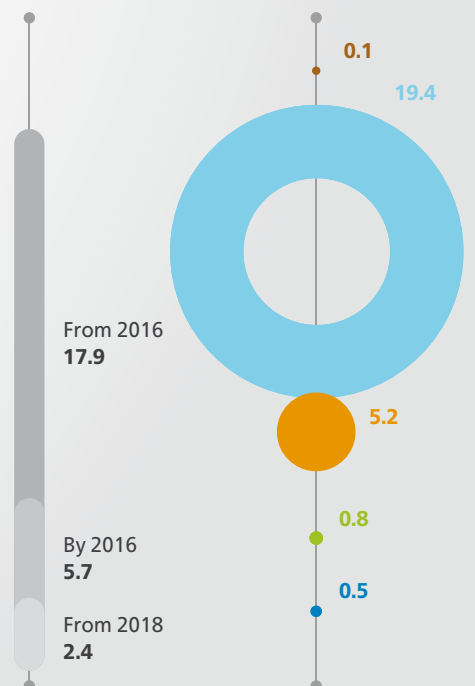
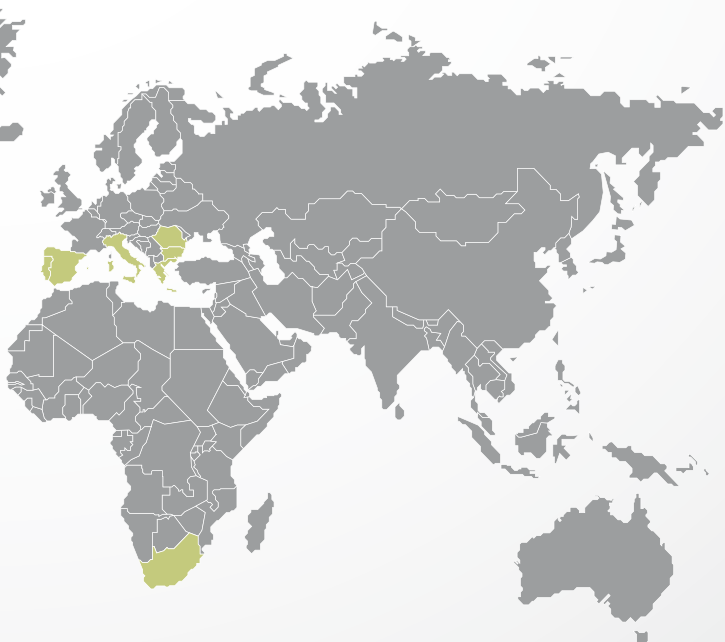
CO<sub>2</sub> emission avoided  
**22,037.8**  
thousand metric tons



## GROSS PIPELINE: 26.0 GW in GW

Year entered into service

By resource





# Operations

	Plants in service		
	at Dec. 31, 2014	at Dec. 31, 2013	Change
Hydroelectric	398	398	-
Geothermal	37	36	1
Wind	205	207	(2)
Solar	90	70	20
Cogeneration	-	15	(15)
Biomass	5	4	1
<b>Total</b>	<b>735</b>	<b>730</b>	<b>5</b>
- Europe	583	592	(9)
- Latin America	54	42	12
- North America	98	96	2

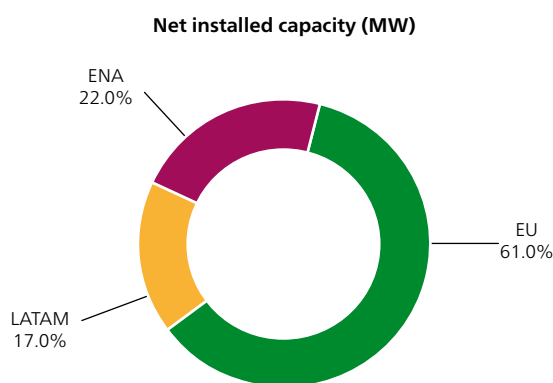
	Net installed capacity (MW)			
	2014	2013	Change	2012
Hydroelectric	2,624	2,624	-	2,635
Geothermal	833	795	38	769
Wind	5,697	5,085	612	4,278
Solar	433	249	184	149
Cogeneration	-	37	(37)	63
Biomass	39	23	16	44
<b>Total</b>	<b>9,626</b>	<b>8,813</b>	<b>813</b>	<b>7,938</b>

The net installed capacity of the Group at December 31, 2014 amounted to 9.6 GW, an increase of 0.8 GW (taking into account a planned plant decommissioning for 37 MW) compared with December 31, 2013 (+9.1%), of which 0.6 GW of wind capacity and 0.2 GW of solar capacity.

Excluding the 196 MW of wind capacity sold in France (186 MW at December 31, 2013 and 196 MW at the disposal date), net installed capacity increased by 1.0 GW (+11.4%) compared with the end of 2013.

Note that the table above does not include the installed capacity of companies accounted for using the equity method. As regards the ENEOP consortium in Portugal, the shareholders have agreed to split its assets among themselves.

Once this is completed, about 500 MW of additional capacity is expected to be consolidated, presumably in the 2nd Quarter of 2015.



	Net installed capacity (MW)			
	2014	2013	Change	2012
Europe	5,845	5,966	(121)	5,799
Latin America	1,698	1,164	534	900
North America	2,083	1,683	400	1,239
<b>Total</b>	<b>9,626</b>	<b>8,813</b>	<b>813</b>	<b>7,938</b>

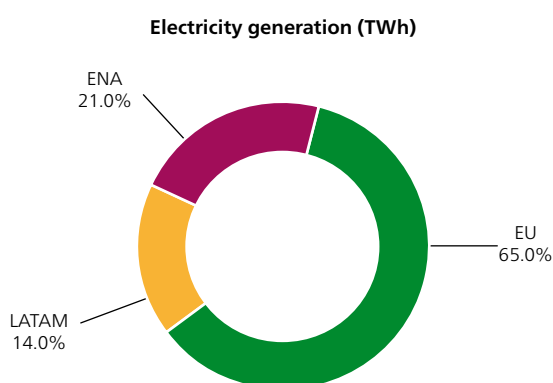
The rises posted in Latin America and North America are essentially due to the entry into service of wind plants. The decrease reported in Europe is mainly due to the disposal of

wind capacity in France (186 MW at December 31, 2013 and 196 MW at the disposal date).

	Net electricity generation (TWh)			Average installed capacity (MW)		
	2014	2013	Change	2014	2013	Change
Hydroelectric	11.5	10.9	0.6	2,624	2,629	(5)
Geothermal	5.9	5.6	0.3	802	772	30
Wind	13.9	12.1	1.8	5,297	4,712	585
Solar	0.4	0.3	0.1	298	213	85
Cogeneration	-	0.2	(0.2)	-	37	(37)
Biomass	0.1	0.2	(0.1)	24	39	(15)
<b>Total</b>	<b>31.8</b>	<b>29.3</b>	<b>2.5</b>	<b>9,045</b>	<b>8,402</b>	<b>643</b>

The net electricity generation of the Group in 2014 came to 31.8 TWh, an increase of 2.5 TWh (+8.5%) compared with 2013.

The growth in 2014 is mainly due to the impact of the rise in wind output (+1.8 TWh), in line with the increase in installed capacity, in hydroelectric output (+0.6 TWh), reflecting greater resource availability, and in geothermal output (+0.3 TWh), the effect of greater use of plants and an expansion in installed capacity.



	Power generation (TWh)			
	2014	2013	Change	2012
Europe	20.7	20.1	0.6	17.4
Latin America	4.4	3.8	0.6	3.7
North America	6.7	5.4	1.3	3.9
<b>Total</b>	<b>31.8</b>	<b>29.3</b>	<b>2.5</b>	<b>25.0</b>

Output rose by 2.5 TWh, of which 1.3 TWh of the increase posted in North America, mainly in the wind and geothermal sectors, 0.6 TWh in Europe, as a result of a rise in hydro-

electric generation in Italy, and 0.6 TWh in Latin America, largely due to greater wind availability in Chile and Mexico.

	Load factor by generation technology (%)	
	2014	2013
Hydroelectric	49.8	47.4
Geothermal	84.9	82.5
Wind	29.9	29.3
Solar	15.6	14.5
Cogeneration	-	58.2
Biomass	54.9	72.8

The average load factor (the ratio of actual generation to theoretical output) in 2014 was 40.1% (39.8% in 2013). The improvement in the hydroelectric load factor is attributable to the greater availability of water in Italy in 2014 compared with 2013, while the improvement in the load factor for wind power is mainly attributable to the higher efficiency of new plants.

The tables below report the breakdown of plants "under construction" or "authorized" by generation technology and geographical area.

	Plants under construction					
	MW			Number		
	2014	2013	Change	2014	2013	Change
Hydroelectric	152	50	102	4	1	3
Wind	623	679	(56)	10	13	(3)
Geothermal	-	38	(38)	-	2	(2)
Biomass	21	15	6	5	1	4
Solar	180	36	144	5	1	4
<b>Total</b>	<b>976</b>	<b>818</b>	<b>158</b>	<b>24</b>	<b>18</b>	<b>6</b>
- Europe	190	83	107	9	5	4
- Latin America	586	585	1	14	12	2
- North America	200	150	50	1	1	-

The main plants under construction are:

- > solar plants in South Africa (2 projects for a total of 149 MW);
- > wind plants in Chile (Talinay II with a capacity of 61 MW), Brazil (Dois Riachos with a capacity of 30 MW, Damascena-Maniçoba with a capacity of 60 MW) and in Mexico

(Sureste with a capacity of 102 MW and Dominica II with a capacity of 100 MW) and in North America (Goodwell with a capacity of 200 MW);

- > hydroelectric plants in Brazil (Apiacás with a capacity of 102 MW) and in Costa Rica (Chucás with a capacity of 50 MW).

	Plants authorized					
	MW			Number		
	2014	2013	Change	2014	2013	Change
Hydroelectric	8	103	(95)	12	9	3
Wind	325	-	325	5	-	5
Biomass	-	1	(1)	-	-	-
Solar	512	61	451	7	5	2
<b>Total</b>	<b>845</b>	<b>165</b>	<b>680</b>	<b>24</b>	<b>14</b>	<b>10</b>
- Europe	372	2	370	16	9	7
- Latin America	399	163	236	7	5	2
- North America	74	-	74	1	-	1

The main wind plants authorized are:

- > in the solar sector in Chile (Finis Terrae with a capacity of 160 MW, Pampa Norte with a capacity of 79 MW and Carrera Pinto with a capacity of 97 MW) and in South Africa (2 projects for a total capacity of 165 MW);
- > in the wind sector in South Africa (2 projects with a capacity of 199 MW) and in North America (Little Elk with a capacity of 74 MW).

At December 31, 2014, the Group had a gross pipeline of projects with a total capacity of 26.0 GW (of which 17.5 GW classified as "potential", 7.4 GW "likely" and 1.1 GW "highly confident"), of which 4.0 GW in Europe, 5.1 GW in North America and 16.9 GW in emerging markets.

The following table provides a breakdown of the Group's pipeline at December 31, 2014, by generation technology and commercial operation date (COD).

	Gross pipeline (GW)		
	2014	2013	Change
Hydroelectric	0.5	0.7	(0.2)
Geothermal	0.8	0.7	0.1
Wind	19.4	15.6	3.8
Solar	5.2	3.3	1.9
Biomass	0.1	0.2	(0.1)
<b>Total</b>	<b>26.0</b>	<b>20.5</b>	<b>5.5</b>
<i>Year of entry into service</i>			
≤ 2016	5.7	14.5	(8.8)
> 2016	17.9	4.7	13.2
> 2018	2.4	1.3	1.1

## Consolidated performance and financial position

### Restatement of the balance sheet and the income statement for 2013

The comparative figures for the balance sheet at December 31, 2013 and for the income statement for 2013 have been restated to take account of the impact of:

- > IFRS 11, for the consolidation rules governing joint arrangements: under the new accounting standard, the only permissible way to account for joint ventures is the equity method. Accordingly, since the Group had been using the proportionate consolidation method previously, the figures for the balance sheet presented in the consolidated financial statements at December 31, 2013 and the income statement for 2013 have been restated. The application of the new standard also required the restatement of operational data (personnel, installed capacity, output, number of operational plants) and of a number of sustainability indicators;
- > IFRS 3, for the definitive accounting for business combinations (PPA): the fair value of the assets acquired and liabilities and contingent liabilities assumed in the acquisitions of 100% of Parque Eólico Talinay Oriente and Dominica Energía Limpia in 2013 has been allocated definitively within the established time limit;
- > following the change in the approach to classifying costs for electricity purchases and the financial impact of derivatives and their fair value, designed to implement best industry practice and to ensure clarity in financial reporting, reclassifications have been made to the consolidated income statement, the consolidated balance sheet and the consolidated statement of cash flows in order to ensure greater comparability of the information reported.

For additional information on the changes, please see note 4.

# Performance

Millions of euro

	2014	2013 restated <sup>(1)</sup>	Change
Total revenue including commodity contracts measured at fair value	2,996	2,721	275
Gross operating margin	1,942	1,779	163
Operating income	1,021	1,100	(79)
Net income attributable to the shareholders of the Parent Company and non-controlling interests <sup>(2)</sup>	440	598	(158)
Net income attributable to the shareholders of the Parent Company	359	528	(169)
Earnings per share attributable to the shareholders of the Parent Company at year end	0.07	0.11	(0.04)

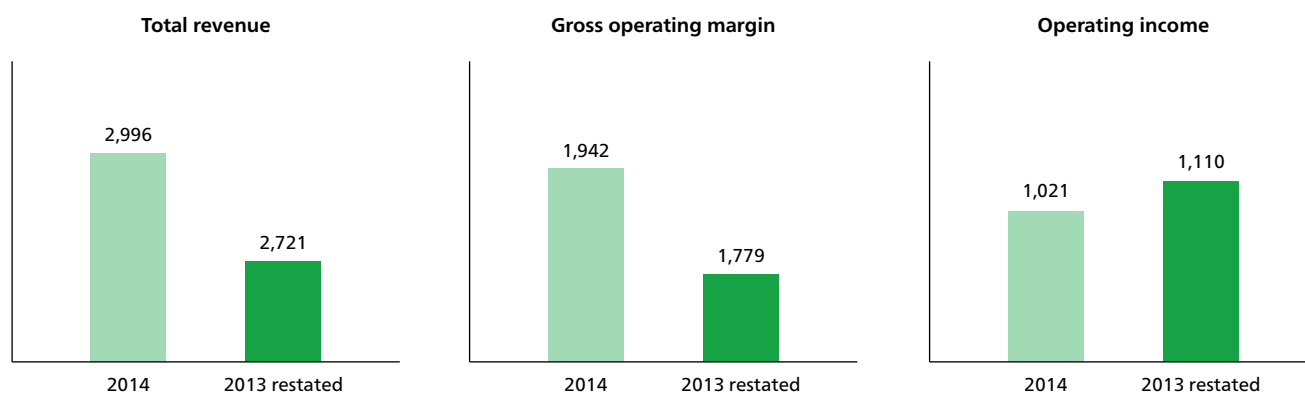
(1) For more information, please see note 4 "Restatement of comparative disclosures at December 31, 2013".

(2) Of which "Net income from discontinued operations" of negative €4 million (positive €61 million at December 31, 2013 restated).

Millions of euro	2014			2013 restated		
	Revenue <sup>(1)</sup>	Gross operating margin	Operating income	Revenue <sup>(1)</sup>	Gross operating margin	Operating income
Europe	2,129	1,464	730	2,001	1,330	820
Latin America	538	202	142	408	203	141
North America	394	276	149	363	246	139
Eliminations and adjustments	(65)	-	-	(51)	-	-
<b>Total continuing operations</b>	<b>2,996</b>	<b>1,942</b>	<b>1,021</b>	<b>2,721</b>	<b>1,779</b>	<b>1,100</b>
Retail <sup>(2)</sup>	-	(4)	(4)	138	69	61
<b>Total</b>	<b>2,996</b>	<b>1,938</b>	<b>1,017</b>	<b>2,859</b>	<b>1,848</b>	<b>1,161</b>

(1) Total revenue includes commodity contracts measured at fair value.

(2) Discontinued operations.



**Total revenue including commodity contracts measured at fair value**, amounted to €2,996 million, an increase of €275 million on 2013 restated (+10.1%) as a result of the rise of €243 million in other revenue (totaling €360 million in 2014) and €32 million in revenue from the sale of electricity (amounted to €2,636 million in 2014), taking account of exchange rate losses of €10 million.

The increase in other revenue is mainly due to the impact of factors in Europe, associated with the settlement agreement with INE (the Salvadoran State energy company), which also involved the disposal of the interest in LaGeo (€123 million),

the disposal of Enel Green Power France (€31 million) and the recognition of the indemnity provided for in the off-take agreement with Sharp regarding the output of the 3SUN factory (€95 million), discussed in greater detail in the section "Significant events in 2014".

The slight increase in revenue from the sale of electricity, including incentives, primarily reflects the rise in revenue in Latin America (€138 million) and in North America (€49 million), offset by a contraction in revenue in Europe (€155 million), mainly in Iberia in reflection of the new values for remuneration set in Royal Decree Law 9/2013 for the



purpose of determined revenues from electricity sales in Spain.

The **gross operating margin** amounted to €1,942 million, an increase of €163 million (+9.2%) compared with 2013, mainly attributable to Europe (€134 million) and North America (€30 million). This increase takes into account the increase in revenue (€275 million) and the reduction in costs, achieved through better operating efficiency in North America, partly offset by higher costs for the purchase of electricity and fuel (€121 million), mainly in Latin America.

**Operating income** amounted to €1,021 million, a decrease of €79 million (-7.2%) compared with €1,100 million in 2013.

The increase in the gross operating margin was more than offset by the rise in depreciation, amortization and impairment losses (€242 million), mainly as a result of the impairment loss recognized in 2014 on the goodwill and net assets of the Enel Green Power Hellas CGU (€181 million) and depreciation associated with the increase in installed capacity in North America and Latin America.

As regards the impairment losses on the Enel Green Power Hellas CGU, the persistence of the signs of slowing economic growth and the measures taken by the Greek government in its review of incentives for renewables generation have prompted the Group to revise its growth plan. Accordingly, the value in use of the assets of the Enel Green Power Hellas CGU has been impacted by the contraction in the estimate of future cash flows following the amendment of the incentive mechanisms and the consequent reduction of development activities associated with projects already acquired in

the country. The writedown had a negative impact on the Group's net income of €231 million (net of the positive tax effect of €39 million).

**Net income pertaining to the shareholders of the Parent Company and non-controlling interests** for 2014, including the result of discontinued operations (a loss of €4 million), amounted to €440 million, a decrease of €158 million (-26.4%) on the €598 million posted in 2013 (including the net income of discontinued operations in the amount of €61 million). Excluding the result of discontinued operations, the decrease in net income pertaining to the shareholders of the Parent Company and non-controlling interests amounted to €104 million.

The deterioration reflects the decrease in EBIT (€79 million), the decrease in the share of net income from equity investments accounted for using the equity method (€77 million), mainly due to impairment of the Enel Green Power Hellas CGU (€89 million) and a decrease of €60 million in income taxes for the year. The latter decrease, partly due to developments in income before taxes, also reflects the effects of the reduction of the rate of the "Robin Hood Tax" in Italy (€23 million) and a number of non-recurring factors, such as those associated with the tax reform in Iberia and the ruling of the unconstitutionality of the Robin Hood Tax, which gave rise to an adjustment of deferred taxes with a positive impact of €48 million and a negative impact of €20 million, respectively, on profit or loss.

**Net income pertaining to the shareholders of the Parent Company** amounted to €359 million, a decrease of €169 million (-32.0%) compared with the €528 million posted in 2013 restated.

## Consolidated financial position

Millions of euro

	2014	2013 restated <sup>(1)</sup>	Change
Net capital employed <sup>(2)</sup>	14,967	13,587	1,380
Net financial debt	6,038	5,324	714
Shareholders' equity (including non-controlling interests)	8,929	8,263	666
Shareholders' equity (excluding non-controlling interests) per share in circulation at period end	1.57	1.46	0.11
Operating cash flows	1,033	765	268
Operating capital expenditure	1,629	1,247	382

(1) For more information, please see note 4 "Restatement of comparative disclosures at December 31, 2013".

(2) Of which "Net income from discontinued operations" of €17 million at December 31, 2013 restated (nil at December 31, 2014).

**Net capital employed** amounted to €14,967 million (€13,587 million at December 31, 2013 restated, described in more detail in note 4 "Restatement of comparative disclosures at December 31, 2013"), rose by €1,380 million due mainly to the increase in net non-current assets (€1,374 million).

The change in net non-current assets is essentially attributable to the impact of operating capital expenditure during the period (€1,629 million, including €30 million for the Osage project), exchange rate gains (€617 million) and the change in the scope of consolidation (€113 million, including the disposal of the interest in Osage), only partly offset by depreciation, amortization and impairment losses (€921 million).

**Net financial debt** amounted to €6,038 million, an increase of €714 million. At December 31, 2014, the debt-to-equity ratio was 0.7 (0.6 at December 31, 2013 restated), while the ratio of net financial debt to the gross operating margin was 3.1 (3.0 at December 31, 2013 restated).

**Operating capital expenditure** in 2014 totaled €1,629 million, up €382 million on 2013 restated. The investments mainly regarded the wind sector in Latin America (€600 million), in North America (€313 million) and in Europe (€74 million), the geothermal sector in Italy (€161 million), the solar sector in Chile (€198 million) and in Europe (€23 million) and hydroelectric power in Latin America (€111 million) and in Italy (€77 million).

# Sustainability highlights

The following tables report a number of indicators that reflect Enel Green Power's commitment to innovation, environmental sustainability, workplace safety, developing our people and managing suppliers.

Millions of euro

	2014	2013	Change
Spending on technological innovation <sup>(1)</sup>	16.9	15.6	1.3

(1) In order to represent the scope of the activities of the Innovation unit, the figures for 2014 and 2013 also include activities conducted by other units that were coordinated/managed by Innovation. In addition, the value of the CCA (Contribution Agreement) was adjusted. For these reasons, the value for 2013 differs from that published in the annual report 2013.

Thousands of metric tons

	2014	2013	Change
CO <sub>2</sub> emissions avoided	22,037.8	16,464.2	5,573.6

Percentage

	2014	2013	Change
ISO 14001 compliance	100.0	100.0	-

Percentage

	2014	2013	Change
Waste recovered	82.5	40.1	42.4

Years

	2014	2013	Change
Average age of workforce	40	42	(2)

Thousands of hours

	2014	2013	Change
Total training hours	153.6	94.8	58.8

Percentage

	2014	2013	Change
OHSAS 18001 certification	100.0	100.0	-

Euro

	2014	2013	Change
Safety expenditure per employee	16,436	17,252	(816)

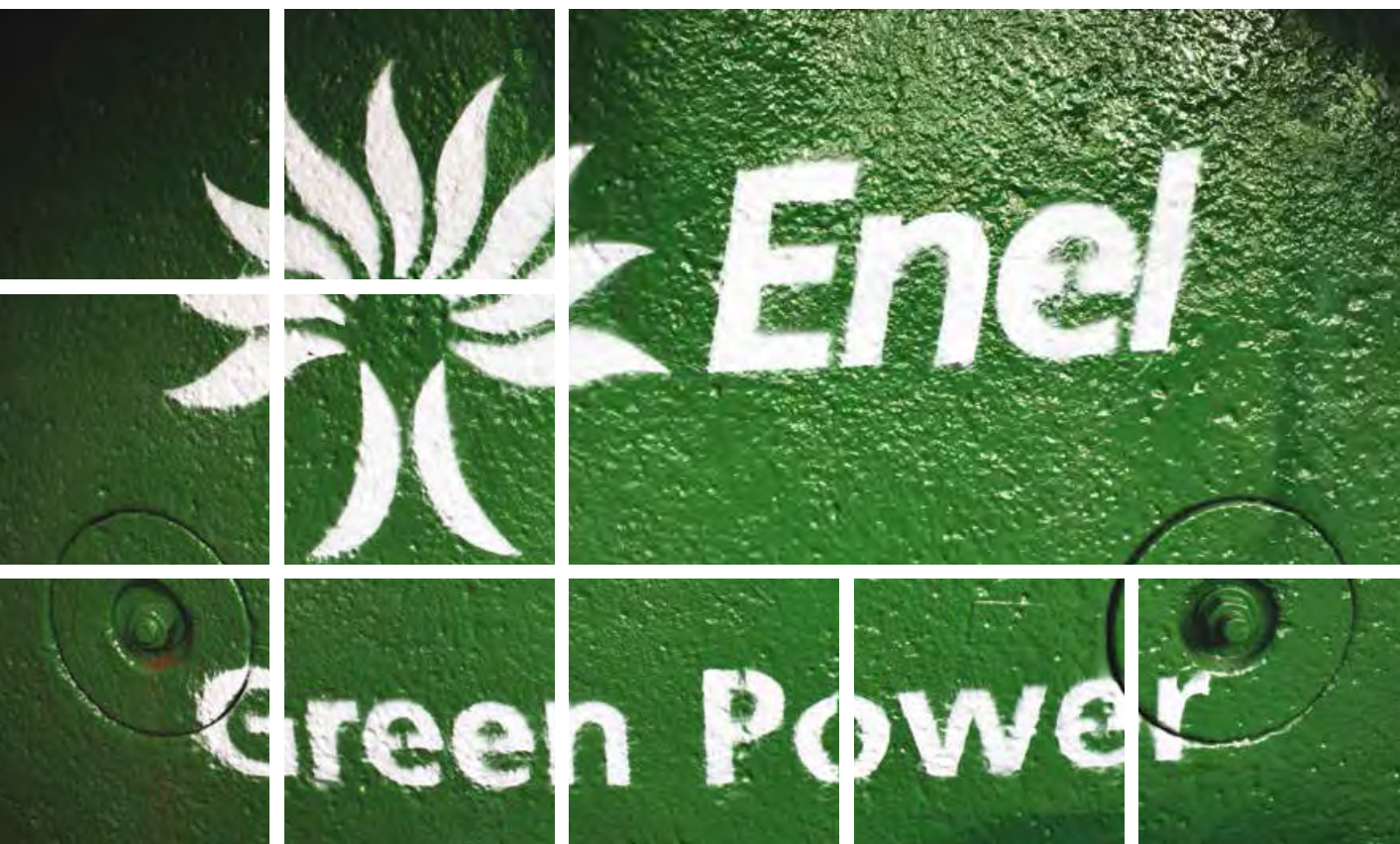
Percentage

	2014	2013	Change
Contractors and subcontractors who have received health and safety training	100.0	100.0	-

Number

	2014	2013	Change
Active qualified suppliers	3,627	3,516	111

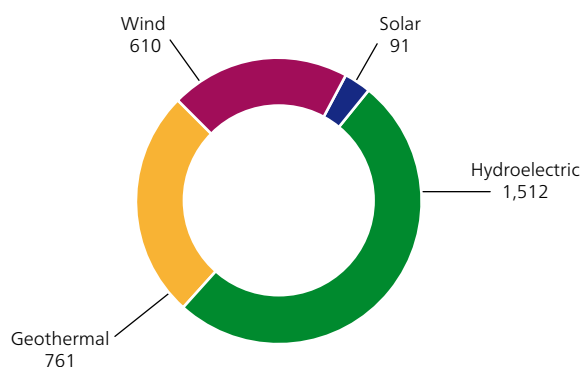
# Summary of Parent Company results



## Parent Company operations

	Net installed capacity (MW)			Number of plants in operation		
	2014	2013	Change	2014	2013	Change
Hydroelectric	1,512	1,512	-	279	279	-
Geothermal	761	723	38	34	33	1
Wind	610	564	46	28	27	1
Solar	91	85	6	31	30	1
<b>Total</b>	<b>2,974</b>	<b>2,884</b>	<b>90</b>	<b>372</b>	<b>369</b>	<b>3</b>

Net installed capacity at December 31, 2014 amounted to 2,974 MW, an increase of 90 MW compared with December 31, 2013 (3%). Of the total increase, 52 MW regarded the net installed capacity of plants acquired by Enel Green Power SpA with the merger of Enel Green Power Cutro Srl (46 MW) and Enel Green Power Canaro Srl (6 MW) and 38 MW regarded the entry into service of the Bagnore 4 geothermal plant.

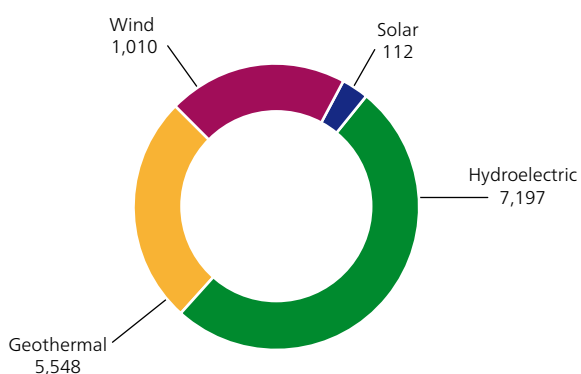


Net electricity generation in 2014 totaled 13.9 TWh, an increase of 1.0 TWh (7%).

	Net electricity generation (GWh)			Average installed capacity (MW)		
	2014	2013	Change	2014	2013	Change
Hydroelectric	7,197	6,559	638	1,512	1,512	-
Geothermal	5,548	5,301	247	730	723	7
Wind	1,010	958	52	609	563	46
Solar	112	87	25	91	76	15
<b>Total</b>	<b>13,867</b>	<b>12,905</b>	<b>962</b>	<b>2,942</b>	<b>2,874</b>	<b>68</b>

The rise in net output compared with the previous year was mainly due to increased hydroelectric (+638 GWh) and geothermal (+247 GWh) generation and reflects, respectively, greater resource availability and the entry into service of the Bagnore 4 geothermal plan.

The average load factor in 2014 (i.e., the ratio of annual net generation and theoretical annual output – for a total of 8,760 hours – expressed in nominal MW) was 53.8% (50.7% in 2013). The increase in the average load factor compared with 2013 is mainly attributable to better water conditions in 2014.



	Average load factor (%)	
	2014	2013
Hydroelectric	54.3	49.5
Geothermal	86.8	83.7
Wind	18.9	19.5
Solar	14.0	13.1

# Performance and financial position of the Parent Company

## Performance

The following section reports performance and financial data at December 31, 2014, with comparative restated figures for 2013 restated.

Millions of euro

	2014	2013 restated	Change
Total revenue including commodity contracts measured at fair value	1,553	1,296	257
Gross operating margin	1,070	842	228
Operating income	769	502	267
Net income for the year <sup>(1)</sup>	431	290	141

(1) Of which "Net income from discontinued operations" of €(4) million in 2014 and €71 million in 2013 restated.

**Total revenue including commodity contracts measured at fair value** amounted to €1,553 million (€1,296 million in 2013 restated), an increase of €257 million (19.83%) due to an increase of €260 million in other revenue (€374 million in 2014 and €114 million in 2013 restated) and essentially unchanged revenue from the sale of electricity, including the effect of commodity contracts measured at fair value and of green certificates (a total of €1,179 million in 2014 and €1,182 million in 2013 restated).

The increase in other revenue mainly includes €148 million associated with the settlement agreement with INE (the Salvadoran State energy company), which also involved the disposal of the interest in LaGeo SA de Cv, and €95 million for the indemnity provided for in the off-take agreement with Sharp regarding the output of the 3SUN factory, which is discussed in greater detail in the section "Significant events in 2014".

Revenue from the sale of electricity remained essentially unchanged since the increase in output almost entirely offset the decline in average sales revenue, including the effect of commodity risk management (at fair value) and of green certificates.

The **gross operating margin** amounted to €1,070 million, an increase of €228 million compared with 2013 (€842 million in 2013 restated) as a result of the increase in revenue of €257 million, partly offset by a rise of €29 million in costs, mainly due to higher provisions for risks and charges (€16 million) and an increase in the cost of electricity purchases (€10 million).

**Operating income** amounted to €769 million, an increase of €267 million compared with 2013 (€502 million in 2013 restated) as a result of the increase in the gross operating margin and the decline in depreciation, amortization and impairment losses of €39 million (totaling €301 million in 2014 and €340 million in 2013 restated) arising mainly from the reduction in writedowns recognized in 2014.

The 2014 financial year closed with **net income** (including net losses from discontinued operations of €4 million) of €431 million, an increase of €141 million compared with the previous year (€290 million in 2013 restated, including net income from discontinued operations of €71 million).

The increase in operating income was partly offset by higher taxes (€56 million) and the loss from discontinued operations (€75 million).

# Financial position

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013 restated	Change
Net capital employed	9,640	9,955	(315)
Net financial debt	2,742	3,307	(565)
Shareholders' equity	6,898	6,648	250
Cash flow from operations	413	370	43
Capital expenditure	295	318	(23)

**Net capital employed** amounted to €9,640 million (€9,955 million at December 31, 2013 restated), down €315 million due mainly to the decrease in net non-current assets (€455 million), partly offset by the increase in net current assets (€139 million). The change in net non-current assets was largely attributable to the net reduction in the value of equity investments (€501 million), mainly due to the impact of equity transactions of Enel Green Power International BV, the holding company for foreign equity investments, and in the value of non-financial net non-current assets (€41 million), partly offset by the increase in property, plant and equipment (€73 million).

The rise in net current assets is essentially attributable to the decrease in trade payables (€68 million) and to the increase in inventories (€46 million) and in current assets (€57 million), partly offset by the decline in trade receivables (€50 million).

**Net financial debt** amounted to €2,742 million (€3,307 million at December 31, 2013 restated), a decrease of €565 million, essentially attributable to the equity transactions of Enel Green Power International BV.

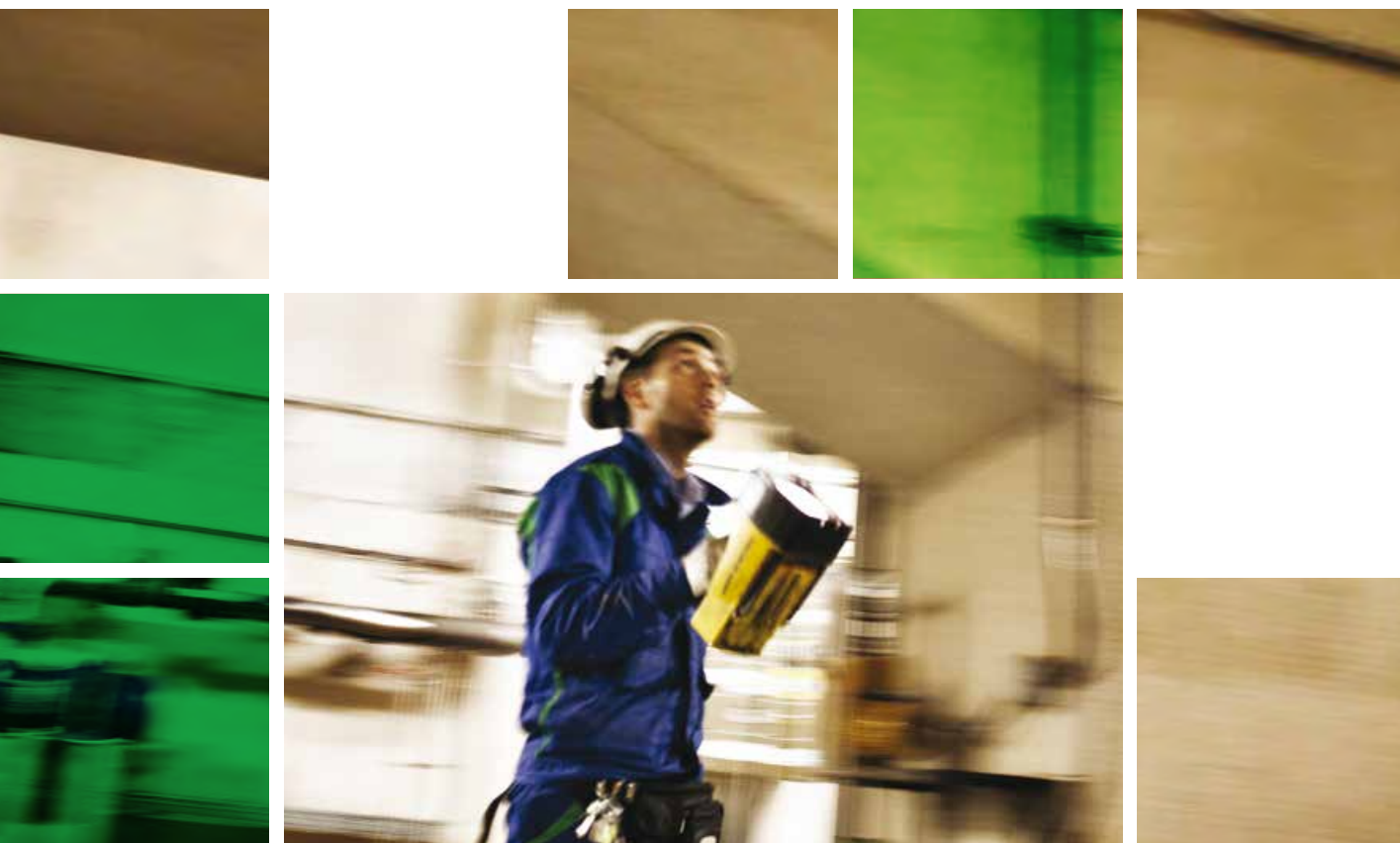
**Shareholders' equity** came to €6,898 million (€6,648 million at December 31, 2013 restated) and is composed of share capital (€1,000 million), the legal reserve (€200 million), other reserves (€4,443 million), retained earnings (€824 million) and net income for the year (€431 million). The change compared with the previous year mainly reflects the recognition of net income and the distribution of dividends from 2013 net income (€160 million).

**Cash flow from operations** were a positive €413 million, an increase of €43 million (12%) compared with 2013 restated (€370 million). The change reflects the lower cash requirements associated with the change in working capital between the two periods.

**Capital expenditure** in 2014 amounted to €295 million, a decrease of €23 million compared with the previous year. Investment mainly regarded the construction and refurbishing of geothermal plants (€164 million) and hydroelectric plants (€79 million).



# Significant events in 2014<sup>(9)</sup>



25  
February

## Modifications of Enel Green Power's organizational structure

The Board of Directors of Enel Green Power approved a revision of the Group's organization in order to better reflect the strategic decisions taken by Enel Green Power, with a view to boosting efficiency.

This development involved the redefinition, with effect as from April 24, 2014, of the scope of the Italy and Europe area and the Iberia and Latin America area, an organizational subdivision that is no longer consistent with the current development of the Enel Green Power Group. More specifically:

- > the Iberia sub-area has been folded more naturally into the Italy and Europe area (now the "Europe" area) in order to enhance geographical continuity and ensure more uniform business objectives;
- > the Iberia and Latin America area has been renamed the Latin America area, retaining the countries of Central and South America, which have been expanding rapidly

in recent years (Brazil, Chile and the Andean countries, Mexico and Central America).

24  
March

## Loan from Banco Santander

Enel Green Power, acting through its Dutch subsidiary Enel Green Power International BV, the finance and holding company for the international subsidiaries of the Enel Green Power Group, announced that it had signed a €153 million loan agreement with Banco Santander as lender, sole lead arranger and agent. The agreement is covered by the Spanish Export Credit Agency. The 12-year term loan bears an interest rate in line with the market benchmark and is secured by a parent company guarantee issued by Enel Green Power. The loan is associated to investments in wind farms located in Mexico and owned by Enel Green Power subsidiaries.

(9) The reference date is the date of the associated press release.

31  
March

### Start of construction of new hydroelectric plant in Brazil

Enel Green Power announced that it had started construction on the new Apiacás hydroelectric complex, in the State of Mato Grosso, Brazil. Apiacás will consist of a cascading sequence of three power plants, named “Salto Apiacás”, “Cabeza de Boi” and “Fazenda”, comprising seven turbines of around 14.5 MW each, for an overall installed capacity of 102 MW. Once fully operational, the Apiacás hydro facility will be capable of generating up to about 490 GWh each year, thereby meeting the country’s high demand for new energy, which is projected to grow at an average annual rate of 4% until 2020. The new hydro complex is expected to be completed and enter operation during the 1st Half of 2016. Its construction is set to require a total investment of about \$287 million, financed through the Enel Green Power Group’s own resources. The project is supported by a thirty-year PPA to purchase the power generated by the complex, which will be delivered to the national transmission grid.

12  
May

### Enel Green Power North America increases its stake in the Buffalo Dunes wind farm to 75%

Enel Green Power North America Inc., a subsidiary of Enel Green Power SpA, signed an agreement to purchase an additional 26% of the “Class A” shares of Buffalo Dunes Wind Project LLC, the company operating the 250 MW Buffalo Dunes wind farm, from EFS Buffalo Dunes LLC, a GE Capital subsidiary, for about \$60 million. The option to purchase the additional interest was provided for in the original agreement between Enel Green Power North America Inc. and the GE Capital subsidiary. The transaction closed following approval by the Federal Energy Regulatory Commission on June 26, 2014. Enel Green Power North America Inc. therefore holds 75% of the “Class A” shares of the company operating the wind farm, while the GE Capital subsidiary retains a 25% stake.

The Buffalo Dunes wind farm, located in Finney, Grant and Haskell Counties, Kansas, has been operational since December 2013 and was the largest wind project in the United States to start operation last year. The plant required a total investment of about \$370 million and is supported by a long-term power purchase agreement.

12  
June

### Merger of Enel Green Power Canaro and Enel Green Power Cutro into Enel Green Power

The plan for the merger of Enel Green Power Canaro Srl and Enel Green Power Cutro Srl into Enel Green Power SpA, approved by the corporate bodies of the those companies, was filed with Rome Company Register.

The transaction will increase operational efficiency and simplify administrative processes, as well as producing a consequent reduction in operating costs.

As Enel Green Power Canaro Srl and Enel Green Power Cutro Srl are wholly owned by Enel Green Power, the merger was approved by the Board of Directors under the simplified procedure provided for by Article 2505 of the Italian Civil Code and Article 19 of Enel Green Power’s bylaws.

As the transaction is a merger subject to the simplified procedure, Enel Green Power will not increase its share capital or assign – pursuant to Article 2504-ter of the Civil Code – shares to replace the shares held in the merged companies, which will be canceled without exchange following the merger. No amendments will be made to Enel Green Power’s bylaws.

The instrument of merger of Enel Green Power Canaro Srl and Enel Green Power Cutro Srl into Enel Green Power SpA was signed and filed with the Rome Company Register on November 25, 2014. The merger took legal effect as from December 1, 2014, whereas the accounting and tax effects are charged to the financial statements of the surviving company with retroactive effect from January 1, 2014.

8  
July

### Enel Green Power signs capital contribution agreement with consortium led by J.P. Morgan for two wind farms in the USA

Enel Green Power North America Inc. (“EGP NA”), a US subsidiary of Enel Green Power, signed a capital contribution agreement for about \$400 million with a consortium led by J.P. Morgan. Under the agreement, the consortium has committed to funding the 150 MW Origin wind project located in Garvin, Murray and Carter Counties in Oklahoma and the 200 MW Goodwell project in Texas County, Oklahoma and Hansford County, Texas.

The consortium will contribute the funds once the plants enter service, scheduled for the 4th Quarter of 2014 for Origin and the 4th Quarter of 2015 for Goodwell, subject to compliance with the requirements set out in the capital

contribution agreement. Both projects are supported by long-term power purchase agreements. Within the framework of the agreement, the J.P. Morgan-led consortium will make a capital contribution totaling about \$400 million to EGP NA. In exchange, the consortium will receive an equity interest with limited voting rights. This interest will allow the consortium to obtain a percentage of the fiscal benefits to be attributed to the Origin and Goodwell projects. Enel Green Power will secure the obligations arising from its North American subsidiary's agreement through a parent company guarantee, which does not extend to the return on investment.

11  
July

### Enel Green Power and Sharp reach deal on off-take agreement for 3SUN factory output

On July 11, 2014, Enel Green Power SpA and Sharp Corporation ("Sharp") reached a deal under which Enel Green Power will assume Sharp's obligations arising from the off-take agreement concerning the output of photovoltaic panels manufactured at the Catania factory of 3SUN Srl ("3SUN"), the equal joint venture between Enel Green Power, Sharp and STMicroelectronics. Under the accord, since last July Enel Green Power has been purchasing the entire output of 3SUN. The deal also provides for the definitive extinguishment of any other commitment under the joint venture agreements assumed by Sharp to conduct research and any other claim that Enel Green Power might assert in relation to those commitments.

The off-take agreement is a contract under which Enel Green Power and Sharp have committed to purchase the entire output of the 3SUN Catania facility, which currently manufactures around 200 MW of thin-film, multi-junction photovoltaic panels a year. The panels produced at the factory, which are especially well-suited for high-temperature applications, are expected to be used by Enel Green Power to build its photovoltaic plants in various geographical areas, including South America and South Africa.

The price agreed, amounting to €95 million, was determined in negotiations between the parties, taking account of the procedures for discharging the commitments undertaken as part of the joint venture agreements.

22  
July

### Enel Green Power acquires control of Enel Green Power & Sharp Solar Energy Srl (now Enel Green Power Solar Energy Srl - "EGP SE")

Following up on the commitment undertaken in the agreement of July 11, 2014 with Sharp, on July 22, 2014 Enel Green Power acquired Sharp's holding in Enel Green Power & Sharp Solar Energy Srl (now Enel Green Power Solar Energy Srl - "EGP SE"), the equally held joint venture created to develop, build and operate photovoltaic plants in the EMEA area, using the photovoltaic panels manufactured at the 3SUN plant. The price for the 50% stake and the financial receivable held by Sharp in respect of EGP SE was equal to a total of €30 million. The Group has begun the process of allocating the purchase price of the stake to the fair value of the assets acquired and liabilities and contingent liabilities assumed with the assistance of an independent expert.

During  
2014

### Enel Green Power reaches agreement with other two venturers to acquire control of 3SUN

Enel Green Power SpA has reached an agreement to buy out the interests, each equal to one-third of the share capital, held by the other venturers, Sharp Corporation and STMicroelectronics in 3SUN, the joint venture between Enel Green Power, Sharp and STMicroelectronics.

The price agreed for the two 33% holdings and the financial receivables held by the venturer was set at €1.

Under the agreement with STMicroelectronics, STMicroelectronics will pay Enel Green Power €15 million, fully freeing STMicroelectronics from any obligations associated with participation in the joint venture or in respect of Enel Green Power.

The acquisition, which will give Enel Green Power a 100% stake in 3SUN, will become effective subject to approval of the lender banks in the 3SUN operation and the competent authorities (if required). The Group will therefore begin the process of allocating the purchase price of the stakes to the fair value of the assets acquired and liabilities and contingent liabilities assumed with the assistance of an independent expert.

The transaction closed on March 6, 2015.

18  
September

## Paris Supreme Court of Appeals rules in favor of Enel Green Power in El Salvador "LaGeo" case

The French Supreme Court of Appeals denied the appeal filed in 2013 by Inversiones Energéticas, SA de Cv (INE) and by the Comisión Ejecutiva Hidroeléctrica del Río Lempa (CEL), challenging the decision of the lower court of appeals that upheld the ruling of the arbitral tribunal, made in accordance with the rules of the International Chamber of Commerce (ICC), concerning investments in LaGeo SA de Cv (LaGeo), the joint venture between Enel Green Power SpA and INE for geothermal development in El Salvador. This decision therefore makes the Arbitration Court ruling issued in 2011 definitive. The arbitration ruling recognized the right of Enel Green Power SpA to increase, through the investments it executed, its equity stake in LaGeo through the subscription of new shares in the joint venture, as well as the right to receive the company's earnings in the form of dividends.

28  
October

## New wind farm comes online in Mexico

Enel Green Power has completed and connected to the grid its new Dominica I wind farm in Mexico.

The power plant is located in the municipality of Charcas and is owned by Dominica Energía Limpia S de RL, a subsidiary of Enel Green Power Mexico S de RL de Cv. It is the first wind farm in the State of San Luis Potosí.

With a total installed capacity of 100 MW, Dominica I comprises 50 wind turbines of 2 MW each and is capable of generating up to 260 GWh per year.

Construction of the wind farm, in line with the growth targets set out in the 2014-2018 Enel Green Power business plan, required a total investment of around \$196 million, funded through Enel Green Power Group resources.

The project is supported by two long-term PPAs for the supply of energy, worth a total of about \$485 million.

This wind farm has enabled Enel Green Power to reach an installed capacity of nearly 300 MW in Mexico, while another 200 MW are currently under construction with the Sureste and Dominica II plants.

3  
November

## Enel Green Power awarded 344 MW of wind and photovoltaic capacity in Brazilian public tender

Enel Green Power announced that, following the "Leilão de Reserva" public tender in Brazil, it had been awarded the right to sign 20-year energy supply contracts for a total of 344 MW of wind and photovoltaic capacity. Specifically, with the "Ituverava" project, the Company was awarded 254 MW of photovoltaic capacity, equivalent to 24% of the total projects awarded within the framework of the first public tender dedicated to solar energy at the national level. The plant will be built in the north-eastern part of the country, in the State of Bahia, an area known for the high level of solar radiation it receives. Enel Green Power was awarded a further 90 MW in wind capacity with the "Delfina" project. The plant, with a load factor exceeding 50%, will be built in the State of Bahia, where the company already manages wind projects for 264 MW awarded in previous public tenders. The two plants will require a total investment of approximately \$600 million to build, of which around \$400 million for the photovoltaic project and around \$200 million for the wind project. Once up and running, the two plants will be able to generate up to about 900 GWh of sustainable electricity per year, thereby helping to meet Brazil's high demand for new energy, which is forecast to grow at an average annual rate of 4% through 2020.

The 20-year supply contracts awarded to Enel Green Power envisage the sale of specified volumes of electricity generated by the two plants to the Brazilian Chamber of Commercialization of Electric Energy (*Camara de Comercialização de Energia Elétrica*).

4  
November

### Enel Green Power completes construction of a new wind plant in the United States

Enel Green Power SpA, acting through its subsidiary Enel Green Power North America Inc., has completed construction of its new Origin wind farm, located in Carter, Garvin and Murray Counties in Oklahoma. The new plant, owned by Origin Wind Energy LLC, an Enel Green Power North America subsidiary, boasts a total installed capacity of 150 MW. The plant will bring Enel Green Power North America's total installed capacity to more than 2 thousand MW. Construction of the new wind farm required an overall investment of around \$250 million. The project is supported by a 20-year power purchase agreement. In July 2014, Enel Green Power North America signed a capital contribution agreement with a consortium led by J.P. Morgan, thereby securing partial financing for the project.

6  
November

### Enel Green Power and Endesa Chile sign contract for supply of renewable energy and sale of green certificates

Enel Green Power, acting through its subsidiary Enel Green Power Chile Ltda ("Enel Green Power Chile"), and Empresa Nacional de Electricidad SA ("Endesa Chile") signed a long-term power supply contract, which also envisages the sale of the green certificates, with a term of around 20 years for two wind power projects and about 25 years for three photovoltaic projects. The contract, worth an estimated total of approximately \$2.3 billion, will allow Enel Green Power Chile to develop wind and photovoltaic plants for a total installed capacity of about 307 MW and a total investment of approximately \$611 million. Enel Green Power owns and operates 284 MW of wind, hydroelectric and solar capacity in Chile. An additional 284 MW, currently under construction, will be added in the coming months. Including the 307 MW called for under the power purchase agreement (PPA) with Endesa Chile, the Company's installed capacity will total 875 MW.

14  
November

### Enel Green Power signs \$104 million loan agreement with Banco Santander

Enel Green Power, acting through its fully owned subsidiary Dominica Energía Limpia S De RL de Cv, signed a \$104 million loan agreement with Banco Santander as lender, sole lead arranger and agent. The agreement is covered by the Spanish Export Credit Agency ("CESCE"). The 15-year term loan is secured by a parent company guarantee issued by Enel Green Power. The loan is aimed at supporting the investment executed in the company's 100-MW Dominica I wind farm, which amounts to approximately \$196 million.

The loan bears an interest rate in line with the market benchmark and is the second granted to the Enel Green Power Group by Banco Santander with the coverage of CESCE in 2014, increasing the overall amount relating to such loans up to more than €230 million.

1  
December

### Enel Green Power awarded 114 MW of wind capacity in Brazilian public tender

Following the "A-5 Brazilian Auction", Enel Green Power was awarded the right to sign 20-year power supply contracts with a pool of Brazilian electricity distribution companies with power produced by a new 114 MW wind project.

The wind farm, "Morro do Chapéu", will be constructed in Bahia State, in north-eastern Brazil, where the company already manages approximately 400 MW of wind projects in operation or under construction and over 254 MW of photovoltaic projects awarded within the last "Leilão de Reserva" public tender.

"Morro do Chapéu", with a total installed capacity of 114 MW and an average load factor of more than 50%, equivalent to about 4,500 hours of energy production per year, will be able to generate over 500 GWh per year, avoiding the annual emission of over 150 thousand metric tons of CO<sub>2</sub> into the atmosphere. The Morro do Chapéu project will require a total investment of around \$250 million to build.



12  
December

## Enel Green Power sells stake in LaGeo

Enel Green Power and Inversiones Energéticas SA de Cv ("INE"), the Salvadoran State-owned energy company, signed an agreement for the sale of the 36.2% stake Enel Green Power owns in LaGeo (the Enel Green Power and INE joint venture for the development of geothermal power in El Salvador), to INE which is already the majority shareholder of the Salvadoran company with a 63.8%. With this agreement Enel Green Power sold its entire shareholding in LaGeo to INE for approximately \$280 million (about €224 million) thereby closing its operations in the country. The consolidated carrying amount of the stake at the disposal date amounted to around €100 million and, therefore, the consolidated gain on the sale is approximately €116 million, net of estimated taxes (€148 million in Enel Green Power SpA's separate financial statements).

Enel Green Power and INE began negotiations under the umbrella of the International Centre for Settlement of Investment Disputes (ICSID) of the World Bank in Washington D.C. aimed at finding a mutually beneficial solution and ending an eight-year dispute between the two companies. The sale was made under the framework of a settlement agreement signed with the El Salvadoran government in regard to ongoing ICSID litigation.

18  
December

## Sale of Enel Green Power France

Enel Green Power International BV ("EGPI"), a wholly-owned subsidiary of Enel Green Power, sold the entire share capital of Enel Green Power France Sas ("EGP France") to Boralex EnR Sas, an indirect French subsidiary of the Canadian company Boralex Inc. for a total of €298.4 million, including the reimbursement of an outstanding shareholder loan granted to EGP France. With this sale, Enel Green Power exits the renewable energy sector in France.

The price of €298 million is subject to a price adjustment in line with the standard procedures for this type of transaction. The full amount was paid at the closing of the transaction, with a positive impact on the consolidated net financial debt of the Enel Green Power Group amounting to €298 million. Net of the tax impact, the gain on the sale amounted to €31 million.

As recently announced by Enel Green Power, the sale of EGP France is part of the Group strategy to optimize its portfolio and leverage current opportunities in countries with greater potential for development and does not change the Company's 2014-2018 business plan targets.

22  
December

## Enel Green Power begins operation of new Bagnore 4 geothermal power plant

Enel Green Power completed and connected to the grid its new geothermal power plant, Bagnore 4, located in the municipalities of Santa Fiora and Arcidosso.

Bagnore 4, designed to fit perfectly into the surrounding environment, joins the 20 MW Bagnore 3 plant. The new geothermal power station is composed of two 20 MW turbines, for a total installed capacity of 40 MW. The operating plant will be able to generate up to 310 million kWh of electricity per year, for a savings of 70 thousand TOE (metric tons of oil equivalent).

The construction of the new plant involved a total investment of around €120 million, partly financed with funds from the European Investment Bank (EIB). The project is in line with the growth targets set out in Enel Green Power's 2014-2018 business plan, which calls for around €600 million of investment in geothermal power in Tuscany. For more than one year, 130 workers were employed in the construction of the facility and around 40 people will be involved, directly and indirectly, in operating the Bagnore 4 plant once fully up and running.

30  
December

## Enel Green Power brings new wind farm in Brazil online

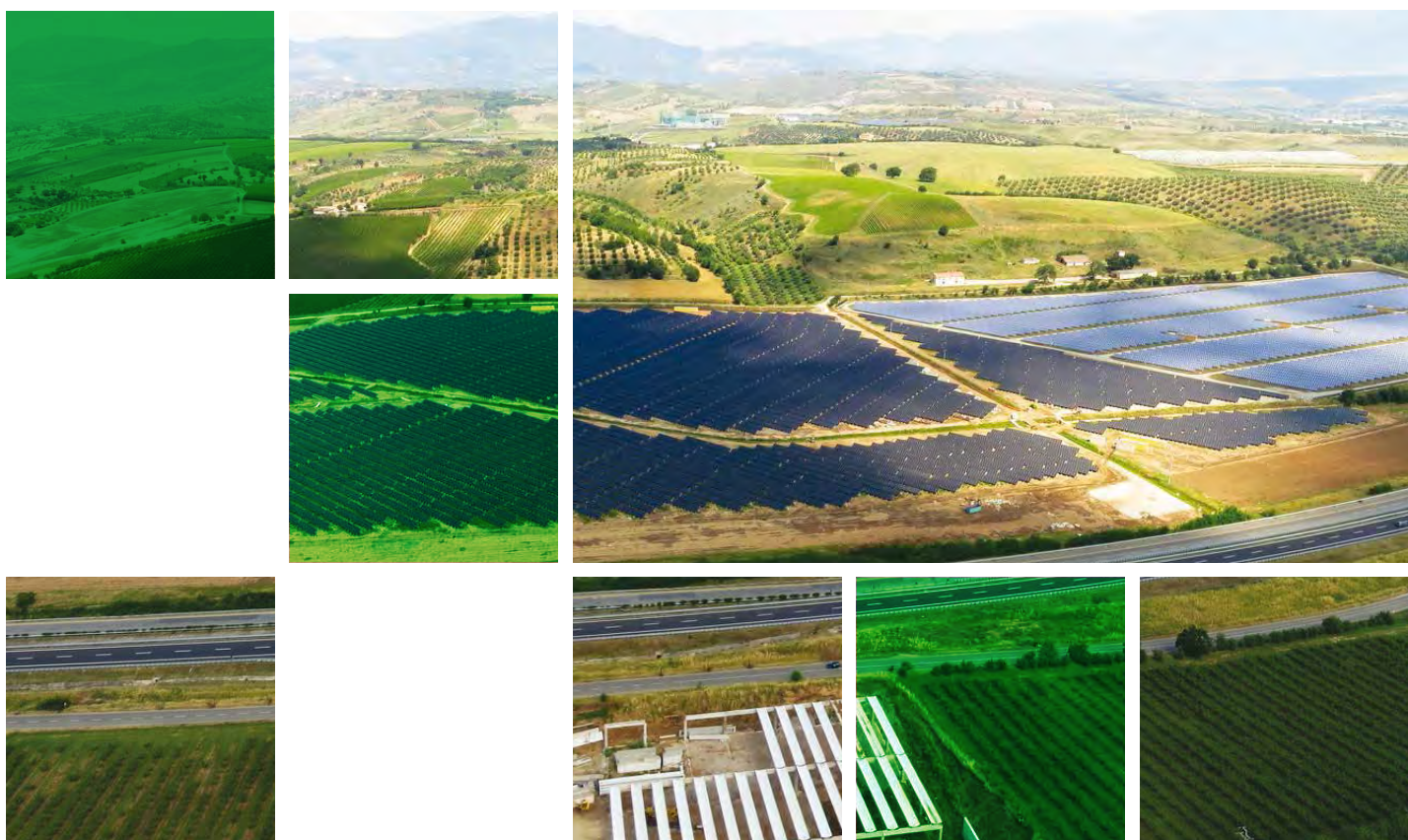
Enel Green Power completed and connected to the grid "Fontes dos Ventos", its first wind farm in the State of Pernambuco in the north-east of Brazil.

The wind farm is owned by Parque Eólico Fontes dos Ventos Ltda, a subsidiary of Enel Brasil Participações Ltda. It consists of 34 turbines, for a total installed capacity of 80 MW, and is able to generate about 320 million kWh a year.

Construction of the plant, which is in line with the growth targets set out in Enel Green Power's 2014-2018 business plan, required an overall investment of some €130 million, partly covered by financing from IFC (International Finance Corporation), a World Bank Group member, related to the construction of wind farms in the north-east of Brazil. Fontes dos Ventos will supply energy to both the free and regulated market under a long-term power purchase agreement (PPA) awarded to the Company following the 2011 "Brazilian New Energy" public tender.



# Reference scenario



## Enel Green Power and the financial markets

	2014	2013 restated
Group gross operating margin per share (euro)	0.39	0.36
Group operating income per share (euro)	0.20	0.22
Group net earnings per share (euro)	0.07	0.11
Dividend per share (eurocents)	3.20	3.20
Pay-out ratio <sup>(1)</sup> (%)	30	30
Group shareholders' equity per share (euro)	1.57	1.46
Share price - 12-month high (euro)	2.18	1.84
Share price - 12-month low (euro)	1.68	1.36
Average share price in December (euro)	1.93	1.75
Market capitalization <sup>(2)</sup> (millions of euro)	9,640	8,770
No. of shares outstanding at December 31 (millions)	5,000	5,000

(1) Based on Group net income.

(2) Based on average price in December.

Enel Green Power stock weighting in	Current <sup>(1)</sup>
FTSE-MIB index	0.992%
Bloomberg World Energy Alternative Sources	12.09%

(1) Updated to January 31, 2015.

Last year began with a modest but steady recovery in the economy, albeit at a slightly slower pace than at the end of 2013, reflecting in part signs of fragility in a number of emerging economies such as China, where the growing weakness of the private sector is beginning to be perceived as a threat to growth. By contrast, after an initial slowdown, the United States consolidated its growth, especially as from the 2nd Quarter, which showed a rise in GDP of more than 4% on an annual basis. This also reflected the recovery of exports in April and May. Towards the end of the year, the US economy accelerated sharply, exceeding expectations, but the short- and medium-term outlook for the world economy remains uncertain. The weakness in the euro area and in Japan persists, while growth in China has continued to slow, although the pace of expansion remains above 7%. Expansion in Russia has slowed sharply as a result of the sanctions imposed by the Western countries following the increase in tensions in Eastern Europe (Ukraine) and the steep depreciation of the ruble. Inflation in the euro area subsided from the start of the year, including inflation excluding its more volatile components (energy and food products). The most recent forecasts point to inflation remaining low in the coming two years. The sharp drop in the price of oil since June grew even steeper in the final quarter of the year, reflecting the expansion in supply and the weakness of demand. Prices fell to their lowest level since March 2009 (\$48.8 a barrel for Brent oil). The contraction in oil prices could help buoy growth, but could also threaten the financial stability of the exporting countries. In Europe, economic activity has been sustained by the expansionary monetary policy stance of the European Central Bank (ECB) in addition to the impact of lower oil prices and the gradual acceleration of international trade.

In Italy, economic growth has struggled to revive, despite a number of encouraging signs, especially in the first part of the year, with a moderate recovery in industrial production. Government measures to reduce the tax burden introduced with the Stability Act helped increase households' disposable income, thereby stimulating a slight rise in consumption in the second part of the year. Nevertheless, these growth factors were offset by the decline in investment, which was slowed by uncertainty over the outlook for demand and the difficulties of the construction industry. Employment remained weak, with the unemployment rate exceeding 13% at the end of the year, while the youth unemployment rate was close to 44%. The recovery in employment remains fragile, and firms' expectations for developments in labor

demand in the first few months of 2015 remain pessimistic, despite the introduction as from January of the hiring incentives provided for in the Stability Act.

In the 1st Half of the year, conditions on international financial markets gradually improved. The strong performance of stock and bond prices primarily reflected the decline in risk premiums, in an environment of exceptionally low volatility. The interventions of the ECB and the expansionary stance of monetary policy fostered a narrowing of spreads on the sovereign debt of the euro-area countries most exposed to the debt crisis. More specifically, the ECB, in order to stimulate an expansion in lending and to counter the appreciation of the euro, lowered its rate on main refinancing operations to a record low of 0.05% and, for the first time, set a negative interest rate on bank's deposits with the Eurosystem. In addition, against a background of low inflation, which then slipped into deflation, the ECB launched a covered bond purchase program, including government securities among eligible assets. In September, it conducted the first targeted longer-term refinancing operation. In January 2015, the ECB announced an asset purchase program worth a total of €1.1 trillion through the end of September 2016, amounting to €60 billion a month. The president of the ECB also confirmed the central bank's target of an inflation rate of just under 2%.

Volatility on euro-area financial markets increased toward the close of the year, reflecting the sharp decline in oil prices, which had an adverse impact on the outlook for growth in the emerging economies, and the calling of elections for the end of January 2015 in Greece. The outcome of the election, with the victory of a party whose election campaign had focused on the renegotiation of Greece's debt, raised concerns about the cohesion of the euro area.

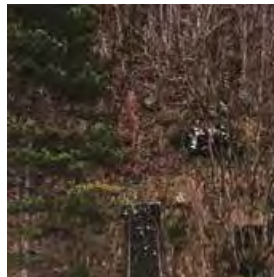
Financial markets also improved in Italy in 2014. Nominal yields on 10-year BTPs reached their lowest level since 1991, the year they were first introduced. As with the other European countries, Italy benefited from the ECB's actions to support the economy, enabling it to weather the downgrading of its debt by Standard & Poor's (from BBB to BBB-) at the start of December with no material impact.

Developments in utilities stocks tracked those in the main European indices, with an initial rise being followed by a decline in the 2nd Half of the year. The STOXX Europe 600 Utilities index closed 2014 with a gain of 13% despite slipping back in the final quarter (-3%) as a result of the weakness of oil prices. The strong performance of the utilities



segment was sustained by the improvement in macroeconomic conditions in the euro area and the support of the accommodative monetary stance. The Spanish market also benefitted from the easing of the uncertainty associated with the reform of the electricity market following the publication of the new remuneration parameters by the Government. The Enel Green Power stock price rose in the first nine months of the year (+11%), in line with the main European markets. European political uncertainty and the developments in commodity prices noted earlier weighed on the stock's performance in the latter part of the year, closing the year as a whole with a decline of about 5%. Taking account of the dividend distributed in May, the overall return on the stock was -3.5%.

For further information we invite you to visit the Investor Relations section of our corporate website ([http://www.enelgreenpower.com/en-GB/media\\_investor/](http://www.enelgreenpower.com/en-GB/media_investor/)), which contains financial data, presentations, consensus analysis, shareholder info, real-time updates on the share price, information on corporate bodies and the rules of Shareholders' Meetings, as well as periodic updates on corporate governance issues. We have also created contact centers for retail investors (which can be reached by phone at +390683058721) and for institutional investors (phone: +390683059104; e-mail: [iregp@enel.com](mailto:iregp@enel.com)).



# Economic and energy conditions in 2014

## Economic developments

Economic growth in 2014 differed among the main geographical areas. Of the advanced economies, the United States acted as the driver of the world economy (+2.4% in 2014), while Europe and Japan struggled to sustain a recovery, which continues to lag. The emerging economies saw growth slow sharply from the pace experienced in recent years.

More specifically, the United States was the beneficiary of a strong recovery in domestic consumption, buoyed by the return of employment to its pre-crisis levels, the rise in wages and the recovery in the real estate sector (these developments prompted the FED's announcement that it would bring its monetary stimulus to an end). The difficulties encountered by the mature economies also affected the Japanese economy, which in 2014 saw growth stagnate at around 0% of GDP, with even a fiscal stimulus in the form of increased public spending having a smaller than expected impact.

For the euro area, 2014 ended with modest growth (+0.8%), impeded mainly by the slowdown in consumption and by low inflation. Italy was the only G7 country to post a contraction in GDP in 2014 (-0.4%), the worst performance among the more highly indebted European countries. By contrast, Spain continued to display significant signs of recovery, registering growth of 1.4% in 2014. The country benefitted from the recovery in the labor market and the decline in energy costs, factors that are sustaining the revival of private consumption and the improvement in the trade balance (with the increase in exports also being supported by the weakness of the euro).

Growth in the emerging economies slowed compared with the previous year (4.4% compared with 4.7% in 2013). A number of factors played a role, such as the deterioration in the outlook for growth in China and the fall in commodity prices. The Chinese slowdown will dampen the propensity to invest in capital goods (from the emerging economies) and will spur greater demand for durables (from the advanced economies), with dangerous repercussions for the

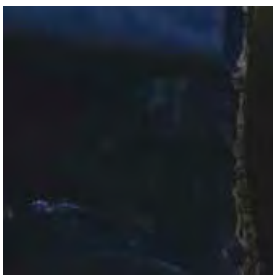
emerging economies that export raw materials (Argentina, Brazil, Chile, Colombia, Indonesia, Peru, Russia and South Africa). For the latter, the collapse of commodity prices in 2014 as a result of the global economic slowdown helped slow growth, caused current account balances and budget deficits to deteriorate, sparked considerable volatility in the foreign exchange market, increased inflation and eroded competitiveness, especially vis-à-vis countries that export manufactured goods (largely the south-east Asian countries). Recent years have seen an outflow of Foreign Direct Investment in emerging economies (with FDI of less than 1% of GDP in 2014 for the first time in 15 years). The most vulnerable countries were those most specialized in commodity exports (such as Argentina, Brazil, Colombia, Peru and Russia) and countries with current account deficits (South Africa, Brazil, Indonesia and Peru). In Latin America, Argentina and Brazil struggled the most, posting changes in GDP of -0.8% and 0% respectively. The Argentine economy has been struggling with a currency crisis for a number of years now, with a real inflation rate of more than 30%, a persistent contraction in exports, a large budget deficit and an unresolved foreign-currency debt crisis. Brazil continues to be afflicted by high inflation, modest growth, and large budget and current account deficits that are jeopardizing the status of its sovereign debt. Chile, Colombia and Peru displayed signs of a slowdown in 2014, although they still posted positive growth rates (+1.7%, +5.1%, +2.6% respectively). Chile was affected by a decline in demand from China (its main trading partner), the slowdown in FDI in the minerals industry and high inflation (with core inflation well above the target of 3%). The collapse of oil prices was the main adverse factor for Colombia (exports of crude oil and refined products accounted for 55% of total foreign sales), with a consequent deterioration in the current account deficit (more than 5% of GDP). In Peru, in 2014 the outflow of foreign investment and the decline in metals prices (copper, gold, silver), which account for 70% of total exports, gave rise to a decline in commodity prices.

## Annual real GDP growth

%

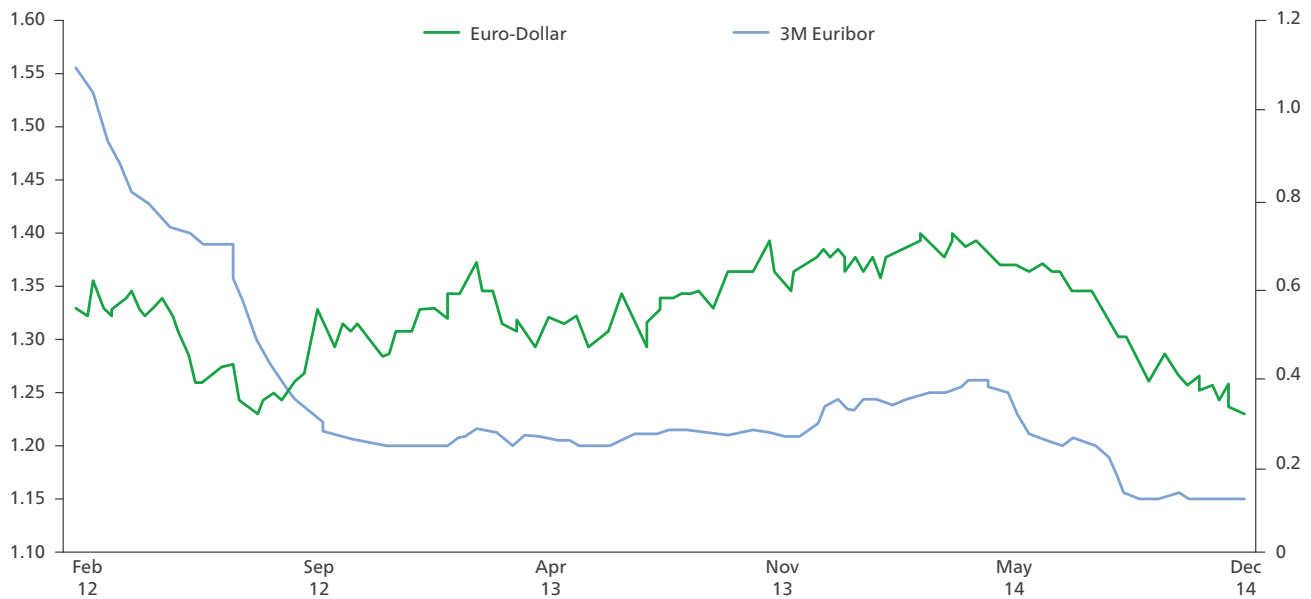
	2014	2013
<b>Italy</b>	<b>-0.4</b>	<b>-1.9</b>
Spain	1.4	-1.2
Portugal	0.8	-1.4
Greece	1.0	-4.0
Romania	2.9	3.5
Brazil	-0.1	2.5
Chile	1.8	4.1
Colombia	5.1	4.7
Mexico	2.2	1.4
Peru	2.5	5.8
Canada	2.4	2.0
USA	2.4	2.2

Source: National statistical institutes and Enel based on data from ISTAT, INE, EUROSTAT, IMF, OECD and Global Insight.



# Developments in the main market indicators

## Money market



## International commodity prices

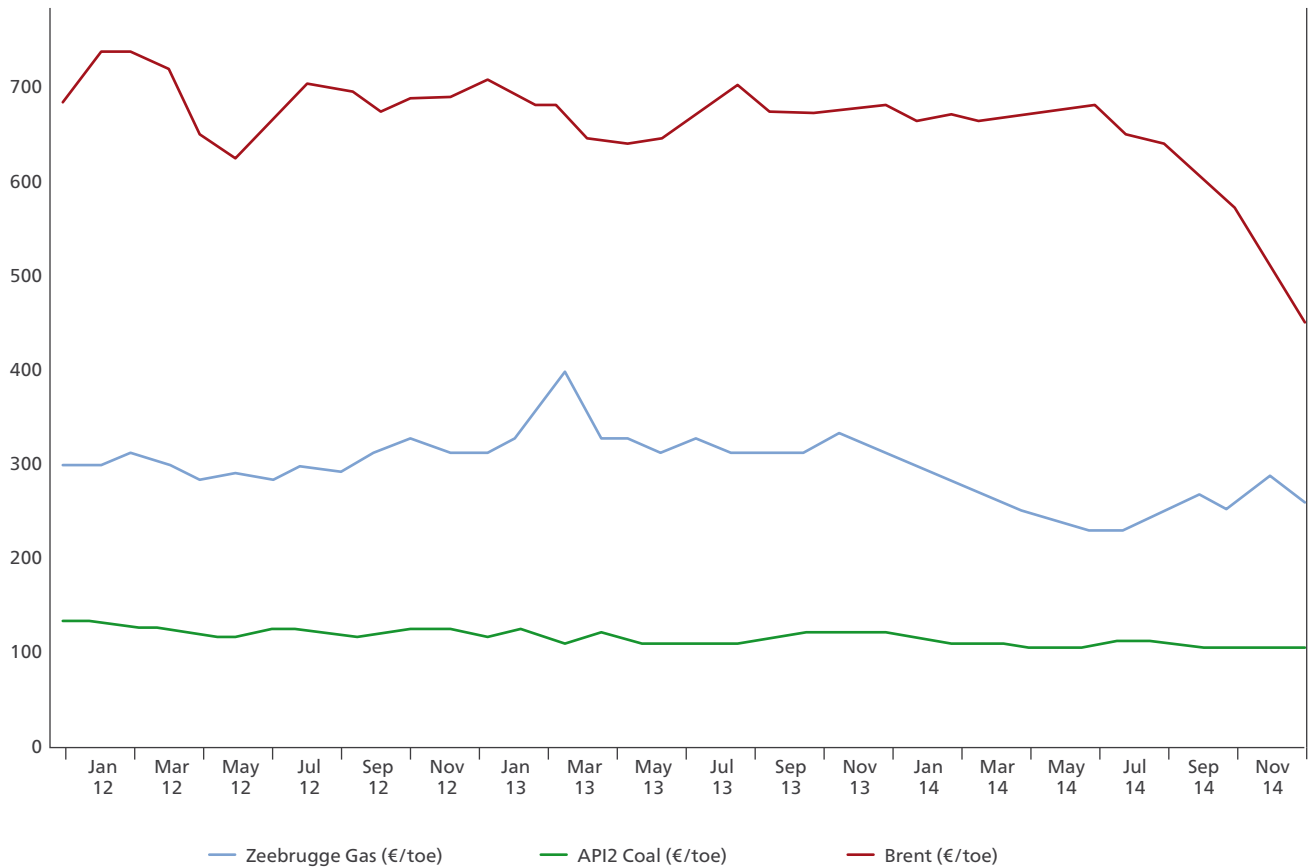
In 2014 the price of Brent, which was \$55.8/barrel at year-end (compared with \$110.8/barrel in 2013), experienced a sharp fall the likes of which had not been seen since the oil shock at the end of 2008, for reasons mainly related to structural developments in supply and demand.

On the demand side, several factors slowed consumption, including (i) the slowdown in global economic growth and (ii) stringent environmental constraints that have discouraged consumption. The supply side was characterized by (i) the strong expansion in unconventional production in the United States and Canada (tight oil) and (ii) the strong recovery in Libyan output over the past year, which increased

supply by 2.8 million barrels/day (compared with growth in demand of 0.7 million barrels/day).

The impact of these factors was compounded by the reluctance shown by the OPEC countries at the end of 2014, Saudi Arabia first and foremost, to reduce production levels in order to maintain market shares. In addition to these fundamentals, a number of financial factors, such as the termination of expansionary monetary measures (quantitative easing) and the resulting expected increase of interest rates by the Federal Reserve, have further increased downward pressures.

## Commodity prices



The abrupt drop in Brent oil prices only impacted gas and coal prices in the final month of the year. The price of coal amounted to \$71.3/metric ton at the end of the year, a reduction of 13% on the previous year. The growth in energy demand is slowing and in many mature markets has turned negative as a result of the combined impact of the deterioration in economic conditions, new energy efficiency measures, stringent environmental policies and the ever increasing competition from renewables, giving rise to a surplus of supply on the market.

In addition, structural conditions in the shipping market, which is also affected by excess supply, caused transport costs to plunge by about 50% in December alone.

The spot price of natural gas at the Zeebrugge hub in Europe contracted by 25% over the course of the year, going from 64.8 pence/therm (2013) to 48.4 pence/therm (2014). The decline was driven by the weakness of demand for thermal generation purposes and residential uses. With regard to thermal generation in particular, the reduction in demand associated with the economic slowdown and weather factors was compounded by the expansion of renewables generation.



# Electricity markets

## Electricity demand

### Developments in electricity demand

TWh	2014	2013	Change
<b>Italy</b>	<b>309</b>	<b>318</b>	<b>-3.0%</b>
Spain	243	246	-1.2%
Portugal	49	49	-0.6%
Greece	46	47	-3.1%
Bulgaria	32	32	-0.1%
Romania <sup>(1)</sup>	50	50	1.3%
Brazil	472	464	1.8%
Mexico	289	279	3.5%
Chile <sup>(2)</sup>	49	48	2.6%
Colombia	64	61	4.7%
Peru	38	36	6.3%
USA <sup>(3)</sup>	3,730	3,692	1.0%

(1) Estimated figure for 2014. Definitive data available only until November 2014.

(2) Figure for the SIC – *Sistema Interconectado Central*.

(3) Net of grid losses.

In Europe electricity demand decreased in the Mediterranean countries, primarily due to the slowdown in industrial

consumption and to weather effects. More specifically, in Italy (-3.0%), Spain (-1.2%) and Greece (-3.1%) the negative



performance of the industrial sector and the macroeconomic uncertainty had a decisive impact on the level of electricity demand. Demand continued to rise in Latin America, with

significant increases in Chile (+2.6%), Colombia (+4.7%) and Peru (+6.3%) and smaller gains in Brazil (+1.8%).

# Electricity prices

## Electricity prices

	Average baseload price 2014 (€/MWh)	Change in baseload price 2014-2013	Average peakload price 2014 (€/MWh)	Change in peakload price 2014-2013
<b>Italy</b>	<b>52.1</b>	<b>-17.3%</b>	<b>55.7</b>	<b>-16.2%</b>
Spain	42.1	-4.8%	46.4	-3.5%
Brazil	220.7	140.7%	263.6	36.3%
Chile	179	-12.4%	368.2	-5.8%
Colombia	84.9	19.1%	180.5	7.2%

## Developments in prices in the main markets

Eurocents/kWh

	2014	2013	Change
<b>Final market (residential):</b> <sup>(1)</sup>			
Italy	15.4	15.0	2.60%
Portugal	12.7	12.3	3.40%
Romania	9.1	8.9	1.90%
Spain	17.7	17.7	-
<b>Final market (industrial):</b> <sup>(2)</sup>			
Italy	10.8	11.2	3.60%
Portugal	10.3	10.1	1.60%
Romania	7.5	8.6	-12.60%
Spain	11.9	11.5	2.70%

(1) Half-year price net of taxes – annual consumption of between 2,500 kWh and 5,000 kWh.

(2) Half-year price net of taxes – annual consumption of between 500 MWh and 2,000 MWh.

Source: Eurostat.

## Electricity price developments in Italy

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	2014				2013			
Power Exchange - PUN IPEX (€/MWh)	52.4	46.5	50.5	58.8	63.8	57.4	65.5	65.1
Average residential user with annual consumption of 2,700 kWh (eurocents/kWh):								
- price including taxes	19.2	19.0	19.0	19.3	19.1	18.9	19.2	19.0

In Italy, the average uniform national sales price of electricity on the Power Exchange fell sharply compared with 2013, dropping by 17%.

The average annual price (including taxes) for residential users set by the Authority for Electricity, Gas and the Water System was essentially unchanged on the previous year.

# Italy

## Domestic electricity generation and demand

Millions of kWh

	2014	2013	Change	
<b>Net electricity generation:</b>				
- thermal	165,684	183,404	(17,720)	-9.7%
- hydroelectric	58,067	54,068	3,999	7.4%
- wind	14,966	14,812	154	1.0%
- geothermal	5,541	5,319	222	4.2%
- photovoltaic	23,299	21,229	2,070	9.8%
<b>Total net electricity generation</b>	<b>267,557</b>	<b>278,832</b>	<b>(11,275)</b>	<b>-4.0%</b>
Net electricity imports	43,703	42,138	1,565	3.7%
<b>Electricity delivered to the network</b>	<b>311,260</b>	<b>320,970</b>	<b>(9,710)</b>	<b>-3.0%</b>
Consumption for pumping	(2,254)	(2,495)	241	9.7%
<b>Electricity demand</b>	<b>309,006</b>	<b>318,475</b>	<b>(9,469)</b>	<b>-3.0%</b>

Source: Terna - Rete Elettrica Nazionale (Monthly report – December 2014).

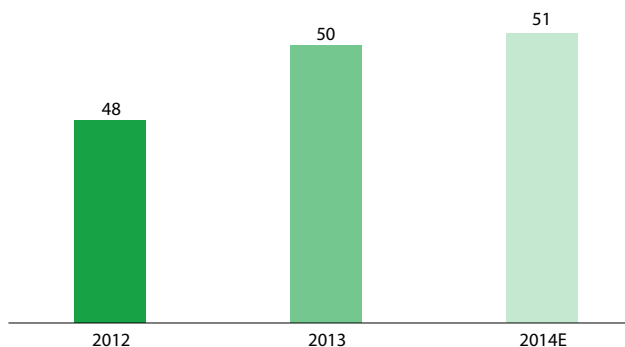
Domestic *electricity demand* in 2014 decreased by 3.0% on 2013, to 309,006 million kWh. Of total electricity demand, 85.9% was met by net domestic electricity generation for consumption (86.8% in 2013) with the remaining 14.1% being met by net electricity imports (13.2% in 2013).

*Net electricity imports* in 2014 increased by 1,565 million kWh, mainly as a result of lower average sales prices on international markets.

*Net electricity generation* in 2014 decreased by 4.0% or 11,275 million kWh, to 267,557 million kWh. More specifically, in an environment of depressed electricity demand, the increase in hydroelectric generation (3,999 million kWh), mainly attributable to improved water availability conditions, and the rise on other renewables generation (photovoltaic generation up 2,070 million kWh, geothermal generation up 222 million kWh and wind generation up 154 million kWh) as a result of the expansion in installed

capacity in the country, led to a reduction in thermal generation of 17,720 million kWh.

As regards sector trends, in 2014 the installed renewable generation capacity in Italy is estimated to have expanded by about 1 GW compared with 2013, rising to about 51 GW, as shown in the following chart.



Source: ESO and Terna. Based on BNEF data for 2014.  
Note: excluding pure pumping systems.

## Regulatory and rate issues

The regulatory framework for supporting renewable energy in Italy consists of a variety of remuneration mechanisms. For wind, hydroelectric, geothermal and biomass technologies, the incentive systems envisages:

- > for plants that entered service by the end of 2012, as provided for by Legislative Decree 28/2011, the green certificates mechanism applies and such certificates shall be valid through 2015. Green certificates are negotiable

instruments issued by the Energy Services Operator (ESO) in proportion to the energy generated by a plant certified as powered by renewable resources. Plants that hold a generation license and that entered service by April 30, 2013 (June 30, 2013 for plants fueled by biodegradable waste) may take part in the green certificate system with a 3% reduction per month starting from January 2013;

- > for plants that entered service after January 1, 2013, as provided for by the ministerial decree concerning incentives for renewable electricity resources (July 6, 2012), a Dutch auction process or feed-in tariffs will apply, depending on the installed capacity and the technology employed.

The above incentive mechanisms will terminate upon reaching an indicative cumulative annual cost of €5.8 billion. At December 31, 2014, the cumulative annual cost was €5.4 billion.

With regard to solar technology, the incentive system envisages:

- > for plants that entered service prior to August 27, 2012, the First (for plants entering service between September 19, 2005 and April 12, 2007), the Second (between April 13, 2007 and December 31, 2010),<sup>(10)</sup> the Third (between January 1, 2011 and May 31, 2011) and the Fourth (between June 1, 2011 and August 26, 2012) Energy Accounts apply based on a feed-in premium system (a cumulative incentive rate over the hourly zonal price);
- > for plants that enter service after August 27, 2012, the Fifth Energy Account (ministerial decree of July 5, 2012) applies. It provides for, among other things, the shift from a feed-in premium system to a feed-in tariff system (comprehensive rate), to which a bonus rate for self-consumption may be added.

The Fifth Energy Account terminated on July 6, 2013, upon reaching the indicative cumulative annual cost ceiling of €6.7 billion for incentives.

## Utility Bill Reduction Decree

On August 21, 2014, Decree Law 91 of June 24, 2014 (the Utility Bill Reduction Decree), entered force. It was published in the *Gazzetta Ufficiale* of August 20, 2014 and ratified with amendments with Law 116 of August 11, 2014. The provisions of the decree include those concerning the restructuring of photovoltaic incentives, under which pho-

tovoltaic plants with a capacity of more than 200 kW have three options:

- a) a gradual reduction of the subsidized rate paid over 24 years;
- b) restructuring the 20-year subsidized rate, with a shorter period of receipt of the rate than the current system and a second period increased by the same amount (the percentage reductions were established with a decree of the Ministry for Economic Development dated October 17, 2014);
- c) a flat reduction in the subsidized rate:
  - 6% for plants with a capacity from 200 kW to 500 kW;
  - 7% for plants with a capacity from 500 kW to 900 kW;
  - 8% for plants with a nominal capacity of more than 900 kW.

Operators were to elect one of the options by November 30, 2014, submitting their application to the ESO. Failure to notify the ESO of the election would result in the application of the flat reduction (letter c).

Enel Green Power SpA selected option b), as it has the smallest impact on the profitability of the Company's plants. The impact of the changes to the incentive system for solar plants on Enel Green Power will in any case not be significant in view of the limited amount of solar capacity installed in Italy.

The Company has appealed the measure, acting through the AssoRinnovabili association, before the Regional Administrative Court of Lazio, seeking to void the decree on the grounds that the measures it contains are applicable retroactively.

The bill also provides for another option for reducing incentives, the effectiveness of which is subject to approval by the Ministry for the Economy and Finance. The option envisages the establishment of auctions for the award of early terminations of a portion of future incentives (a maximum of 80%). The resources (at least €30 billion) necessary to implement the early terminations will be made available by "a leading financial entity" selected by the Authority. The winning bidders will be the operators who offer the highest discount rates.

Other measures in the legislation include:

- > the recognition as essential to the security of the electrical system of generation plants, excluding non-schedulable renewables plants, with a capacity of more than 50 MW in Sicily until the 380 kV "Sorgente-Rizziconi" power line between Sicily and the mainland enters service. In

(10) Law 129 of August 13, 2010 (the so-called "Save Alcoa" Law) extended the period of application of the Second Energy Account to June 30, 2011 for plants installed by December 31, 2010.

- addition, it eliminates the Sicily and Sardinia macrozones pending comprehensive reform of the imbalancing rules;
- > the establishment of the criteria to be used by the Ministry for Economic Development to update the percentage shares of amounts due on electricity consumed by Efficient User Systems (SEU) and Internal User Networks (RIU);
  - > a revision of the rules governing net metering, with an increase in the threshold for application of the rules to 500 kW for renewable power plants that enter into service starting from January 1, 2015;
  - > the appointment of designated commissioners to oversee implementation of agreements approved by the Interministerial Committee concerning former sugar refineries in cases where the authorization proceedings have not been completed and the time limit provided for under the law for the completion for such procedures has lapsed without conclusion.

## Imbalancing

Resolution no. 281/2012/R/efr of the Authority for Electricity, Gas and the Water System (the Authority) introduced a far-reaching revision of the rules governing dispatching services for generation plants powered by non-schedulable renewable resources.

More specifically, starting from January 1, 2013 it extended to existing plants the use of the imbalancing payments envisaged for plants that do not use non-schedulable renewable resources, net of an exemption of 20% of the amended and corrected binding delivery schedule for the first six months and one of 10% starting from July 1, 2013. The resolution also abolished the bonus for accurate scheduling. That resolution was challenged in the administrative courts at both the first and second levels, with the final ruling voiding the resolution.

Following the ruling of the Council of State, the Authority published Resolution no. 522/2014/R/eel in October 2014, with which it introduced new rules entering force as from January 1, 2015 with "brackets" differentiated by resource that replace the exemption mechanism, under which an operator pays a small part of the overall imbalancing caused on the market. Alternatively, in order to increase flexibility, dispatching customers can choose to apply imbalancing fees without brackets, or existing mechanisms for ineligible schedulable plants.

The resolution also establishes that, for the period from January 1, 2013 (date of the entry into force of Resolution no. 281/2012/R/efr) to December 31, 2014, Terna SpA shall ap-

ply imbalancing fees, as initially specified in Resolution no. 111/2006.

Resolution no. 522/2014/R/eel was appealed by numerous operators, including Enel Green Power SpA, which challenged the application of Resolution no. 111/2006 in 2013 and 2014, asking for the application of the various resolutions that have been approved over time, with which operators have necessarily complied. A hearing is pending.

## The "Destination Italy" decree and the "Voluntary Incentive Dilution" decree

On February 22, 2014, Law 9 of February 21, 2014, ratifying with amendments Decree Law 145 of December 23, 2013 (so-called "Destination Italy" decree), came into force.

The main provisions of the decree are as follows:

- > minimum guaranteed prices shall be equal to the zonal price, with the exception of electricity delivered by photovoltaic plants with a nominal capacity of up to 100 kW and hydroelectric plants with a capacity of up to 500 kW;
- > a revision of State-Region jurisdiction in geothermal energy, assigning the State the role of policy setter and coordinator for the development of the sector;
- > the introduction of a "Voluntary Incentive Dilution" mechanism, under which the useful life considered for payment of incentives for renewable energy plants (excluding photovoltaic systems) can be extended in return for a reduction of the incentive rates paid. More specifically, plants that are eligible for green certificates, the comprehensive rate or premium rates and whose incentive period ends after December 31, 2014, may either:
  - a) continue to receive the incentives for the remaining period of their term (losing their eligibility for further incentive mechanisms – including simplified purchase and resale (RID) and net metering (SSP) – for projects of any sort at the same site for 10 years as from the end of the eligibility period for the original incentives); or
  - b) opt for an adjusted incentive, receiving an incentive reduced by a specific percentage for each type of plant over the remainder of the original incentive period plus an additional 7 years. The option does not apply to all CIP 6 subsidized plants and new plants receiving incentives under the Renewable Energy Decree (Ministerial Decree of July 6, 2012), with the exception of those eligible for the transitional system under Article 30 of that decree.



The Ministerial Decree of October 16, 2014 was adopted in implementation of the Voluntary Incentive Dilution mechanism, but has been challenged before the administrative courts, which denied a request for an injunction suspending the decree and set a hearing date for March 19, 2015.

## Storage

Following distribution of consultation document 613/2013/R/eel, and pending the CEI's (Italian Electrotechnical Committee) completion of the update of standards CEI 0-16 and CEI 0-21 to define the technical requirements for the provision of grid services, the Authority adopted Resolution no. 574/2014/R/eel "Integration of electricity storage systems in the national electrical system". The resolution specifies, on first application, the procedures for accessing and using the public grid for electricity storage systems as well as any additional electricity measures necessary to ensure the correct operation of incentive mechanisms or special commercial systems involving storage systems.

With the subsequent Resolution no. 642/2014/R/eel, the Authority, following CEI's completion of the update of standards CEI 0-16 and CEI 0-21, set out further provisions concerning the installation and use of storage systems, supplementing the provisions of Resolution no. 574/2014/R/eel. In particular, the resolution specifies:

- > that storage systems under the provisions of the updated CEI 0-16 and CEI 0-21 are treated as generation plants. The sole exception is the case in which they operate only in emergencies, i.e. in the event of a blackout on the electricity grid;

- > that pilot projects (with an application for a connection submitted prior to November 21, 2014) do not have to comply with the technical requirements set out in the updated CEI 0-16 and CEI 0-21, while all other plants must comply with those provisions (accordingly, Enel Green Power's projects will be exempt from the requirements of the updates, although they will still be surveyed by the Authority).

## Robin Hood Tax

With its decision no. 10/2015, the Constitutional Court ruled that the "Robin Hood Tax" was unconstitutional, because:

- a) it is levied on all entrepreneurial income rather than just "windfall profits";
- b) it is a structural tax, as there is no temporal limit to its scope of application or mechanisms to determine whether the conditions that prompted its introduction persist;
- c) it is a tax that is not designed to protect consumers, given that the prohibition on passing its cost on through consumer prices is difficult to enforce effectively.

The Court also specified that the ruling would take effect as from the day following publication of the decision in the *Gazzetta Ufficiale*, as the repeal with retroactive effect of the measure would have seriously harmed the budget position of the State.

To summarize, in preparing these financial statements:

- > current taxes for 2014 were calculated applying both IRES and the IRES surtax (the Robin Hood Tax);
- > deferred taxes were calculated on the basis of the rates that are expected to apply at the time of reversal (excluding the Robin Hood Tax).

# Spain

## Electricity generation and demand in the peninsular market

Millions of kWh

	2014	2013	Change	
<b>Net electricity generation</b>	<b>253,429</b>	<b>260,331</b>	<b>(6,902)</b>	<b>-2.7%</b>
Consumption for pumping <sup>(1)</sup>	(5,330)	(5,958)	628	10.5%
Net electricity exports	(4,704)	(8,001)	3,297	41.2%
<b>Electricity demand</b>	<b>243,395</b>	<b>246,372</b>	<b>(2,977)</b>	<b>-1.2%</b>

(1) Includes the balance of trade with the extra-peninsular system.

Source: Red Eléctrica de España - (Estadística diaria – December 2014 report). Volumes for 2013 are updated to November 30, 2014.

*Electricity demand* in the peninsular market in 2014 declined by 1.2% compared with 2013, to 243,395 million kWh. Demand was entirely met by net domestic generation for consumption.

*Net electricity exports* in 2014 increased by 41.2% compared with 2013, essentially reflecting the net impact of a

decrease in exports and an increase in imports, due to lower average sales prices on international markets.

*Net electricity generation* in 2014 contracted by 2.7% or 6,902 million kWh), essentially due to lower demand for electricity in the peninsular market.

## Electricity generation and demand in the extra-peninsular market

Millions of kWh

	2014	2013	Change	
<b>Net electricity generation</b>	<b>13,290</b>	<b>13,441</b>	<b>(151)</b>	<b>-1.1%</b>
Net electricity imports	1,298	1,269	29	2.3%
<b>Electricity demand</b>	<b>14,588</b>	<b>14,710</b>	<b>(122)</b>	<b>-0.8%</b>

Source: Red Eléctrica de España - (Balance eléctrico diario extrapeninsulares – December 2014 report).

*Electricity demand* in the extra-peninsular market in 2014 decreased by 0.8% compared with 2013, falling to 14,588 million kWh. Of total demand, 91.1% was met by net generation in the extra-peninsular areas and 8.9% by net imports.

*Net electricity imports* in 2014 amounted to 1,298 million kWh, all of which regarded trade with the Iberian peninsula.

*Net electricity generation* in 2014 fell by 1.1% or 151 million kWh as a result of lower demand for electricity in the extra-peninsular market.

In Spain, the renewables sector has grown substantially in recent years, increasing its share of total consumption of primary energy.

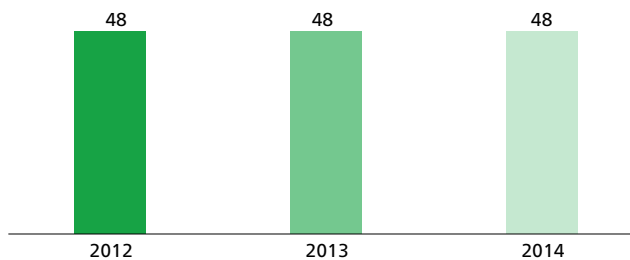
On November 11, 2011, the Spanish government approved the new "Renewable Energy Plan" for 2011-2020 ("REP 2011-2020"), which sets out the development plan for the renewable energy sector. The REP 2011-2020 establishes specific measures to implement in order to achieve the target established with Directive 2009/28/EC for 20% of total energy consumption from renewable energy resources by 2020, the deadline by which the government expects to reach 64 GW of installed capacity, mainly through the growth of wind and solar power. The document also sets specific capacity and output targets for each technology:

- > wind: 35.7 GW of capacity by 2020;
- > hydroelectric: 13.9 GW of capacity by 2020;
- > geothermal: 0.05 GW of capacity by 2020;



- > solar (photovoltaic and CSP – Concentrated Solar Power): 12 GW of capacity by 2020;
- > marine: 0.1 GW of capacity by 2020;
- > biomass (solid biomass, waste and biogas): 1.9 GW of capacity by 2020.

The installed capacity of renewable resource generation plants was virtually unchanged in 2014 compared with the previous year, at about 48 GW, as detailed in the following chart.



Source: REE.  
Note: excluding pure pumping systems.

## Regulatory and rate issues

The Spanish system of incentives for renewable energy resources was primarily based on feed-in tariffs and feed-in premiums. Energy policy in both 2012 and 2013 was focused on the need to solve the rate deficit problem. To this end, Royal Decree Law 1/2012 suspended the “pre-registration” process and eliminated subsidies for new renewable energy installations that were not entered in the register.

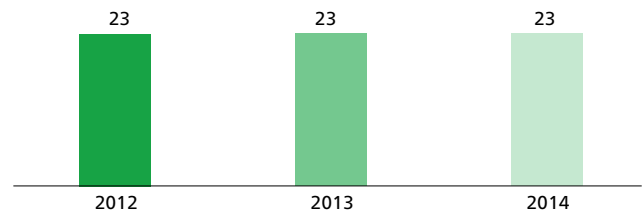
Law 15/2012 introduced a tax of 7% on electricity generated with any technology and the introduction of a royalty of 22% for the use of water for electricity generation (reduced by 90% for plants with a capacity of less than 50 MW).

In 2013, Royal Decree 2/2013 eliminated the option of remuneration based on market price plus a feed-in premium, leaving the feed-in tariff (including the price of electricity) or the market price, with no premium, as the only options and modified the indexing benchmark for the feed-in tariff for renewables and cogeneration.

As part of the process of reforming the electrical system, which was begun in July 2013 with the adoption of Royal Decree Law 9/2013, on June 6, 2014, Royal Decree 413/2014 concerning the regulation of renewable resource generation, cogeneration and waste was approved. The decree introduces a new system of remuneration based on the concept of “reasonable profitability”, which has been established as the yield on 10-year government securities plus a spread of 300 basis points. For the first regulatory

period, which has a term of six years as from June 2013, the real pre-tax return on investment should be 7.4%. The new approach provides for a remuneration based on the sale of electricity at market prices, plus an additional annual amount to be paid only if the market is not sufficient to ensure the specified level of reasonable profitability. Any additional remuneration will be determined on the basis of standard operating expenses and investment levels of an efficient, well-managed enterprise and for clusters of plants. The standard parameters were specified on June 20, 2014 with the approval of Ministerial Order IET/1045/2014. On July 8, 2014, Enel Green Power filed an administrative appeal of Royal Decree 413/2014 and Ministerial Order IET/1045/2014. The appeal of the royal decree has been presented and the subsequent phases of the proceeding are pending. As regards the appeal of the ministerial order, additional information has been requested from the Supreme Court and once that information is obtained Enel Green Power will have 20 business days in which to submit its claims.

With specific regard to the wind sector, the Spanish market is the second largest in Europe (after Germany), with about 23 GW of installed capacity as of 2014, most of which in the region of Castilla y León. The installed wind power base was largely unchanged and as of 2014 accounted for about 48% of total installed renewables capacity.

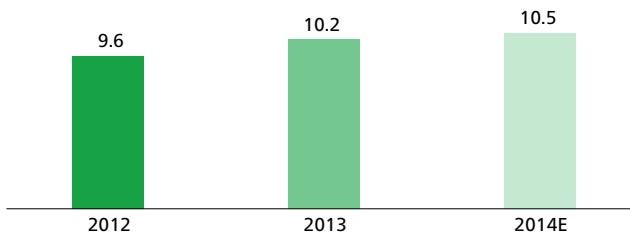


Source: REE.

Ministerial Order IET/1459/2014 was published on August 5, 2014. The measure establishes the parameters for the remuneration and the mechanism for assigning the remuneration regime for new wind and photovoltaic plants in extra-peninsular electrical systems.

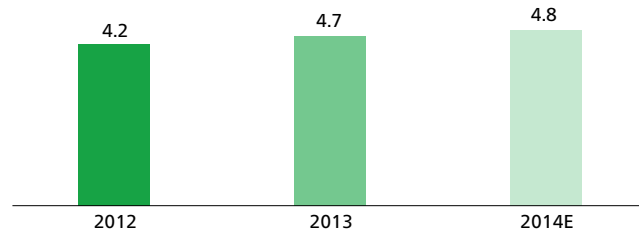
# Portugal

Portugal has adopted a strategy centered on the development of renewable energy resources, supporting the sector with a range of financial and tax measures. According to the “Plano Nacional de Acção para as energias renováveis ao abrigo da Directiva 2009/28/CE”, installed capacity is forecast to rise to about 19 GW by 2020, with the hydro-electric and wind sectors making the largest contribution to growth. In 2014, Portugal had a total installed capacity of about 10 GW, up some 3% on 2013.



Source: REN, Enerdata. Based on BNEF data for 2014.  
Note: excluding pure pumping systems.

The wind sector made the largest contribution to the growth in installed renewables generation capacity, accounting for about 46% of the total in 2014.



Source: REN, Enerdata. Based on BNEF date for 2014.

## Regulatory and rate issues

There are currently two main tariff systems that apply to wind plants, both of which use a feed-in-tariff mechanism. More specifically:

- > Royal Decree 339-C/2001. The incentive mechanism is a feed-in tariff updated on a monthly basis and varies depending on the plant load factor (the greater the load factor, the smaller the subsidy). In addition, on February 28, 2013, a decree was published that provides for an extension of 5-7 years of the duration of the incentives (following their ordinary expiry) against payment of €5,000 or €5,800 per MW for the years from 2013 and 2020 inclusive;

- > Royal Decree 33A/2005. The decree also provides for a feed-in-tariff mechanism updated on a monthly basis. Plants participate in a Dutch auction in order to access the incentives.

On June 24, 2014, in order to increase the capacity of existing wind plants that meet appropriate technical conditions and have adequate wind resources, Decree Law 94/2014 governing the conditions for delivery to the grid of a quantity of power greater than the connection capacity and the associated remuneration was published.

## Greece

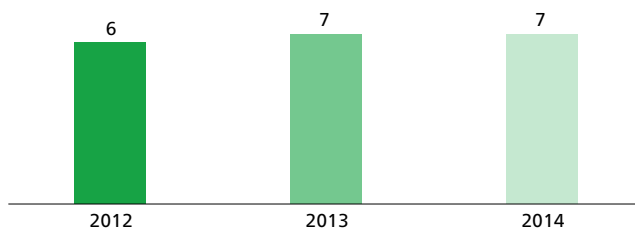
In compliance with the objectives agreed with the transposition of EU regulations, Greece has focused on developing renewable electricity generation. With Law 3851/2010 “Accelerating the development of Renewable Energy Sources to deal with climate change and other regulations addressing issues under the authority of the Ministry of Environment,

Energy and Climate Change”, Greece has set itself a target of increasing the current share of clean energy to about 40% of total electricity output by 2020. To achieve the target, Greece plans an efficient mix of tax, financial and technical measures, including a revision of the feed-in-tariff system, a simplification of licensing procedures and the elimination

of barriers to implementing renewables projects at the local level.

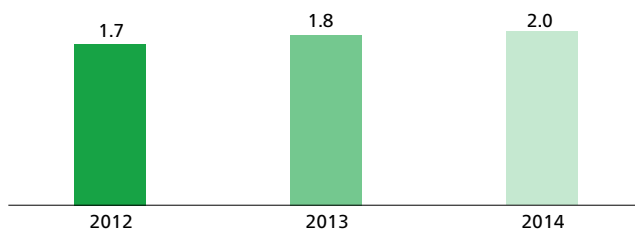
In the "National Renewable Energy Action Plan in the scope of Directive 2009/28/EC", setting out measures for the implementation of Directive 2009/28/EC, Greece has projected a total installed capacity for renewable generation of 13 GW by 2020, with wind and solar power expected to make the largest contribution.

In recent years, installed renewables capacity has expanded in Greece, reaching about 7 GW in 2014, up 8% compared with 2013.



Source: LAGIE, Enerdata.  
Note: excluding pure pumping systems.

The wind sector has grown fairly steadily, reaching about 2.0 GW in 2014, up about 11% on 2013.



Source: LAGIE, Enerdata.

## Regulatory and rate issues

The Greek incentive system uses a feed-in tariff differentiated by renewable energy resource. The incentives are awarded through a 20-year contract for all resources, with the exception of roof-mounted photovoltaic systems with a capacity of less than 10 kW, which benefit from a 25-year contract. Law 4092/2012, partially amended in May 2013 with Law 4153/2013, introduced a temporary tax (July 2012-June 2014) on the revenue of existing renewable energy plants (equal to 10% for all renewable energy technologies with the exception of photovoltaic plants, for which it was set at 37-42% or 34-40%, depending on the commercial operation date of the plant).

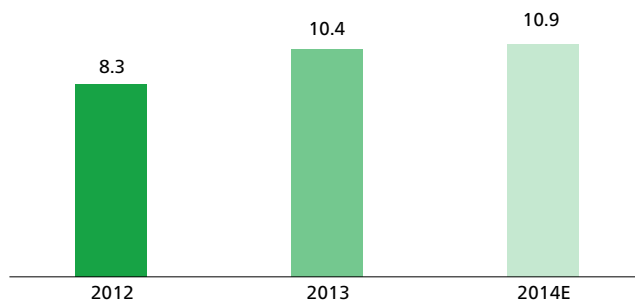
On March 30, 2014, the Greek parliament approved Law 4254 – the "New Deal" – seeking to rationalize subsidies for renewables. The main changes, which took effect as from April 1, 2014, include:

- > a partial reduction of the revenue registered in 2013 with the issue of a credit note (10% on revenue from wind and mini-hydro and 35-37.5% on revenue from photovoltaics);
- > a reduction as from April 1, 2014 of the feed-in tariffs applied to operational plants by about 6% for wind and mini-hydro plants and about 45% for photovoltaic plants, and the consequent elimination of the Turnover Tax in force until the end of June 2014;
- > reduction of feed-in tariffs for new plants entering service after April 1, 2014;
- > elimination of the mechanism for adjusting the feed-in tariffs (previously adjusted at 25% of the consumer price index);
- > extension of the validity of PPAs by 7 years on certain conditions (fixed rate or fixed amount of energy).

# Romania

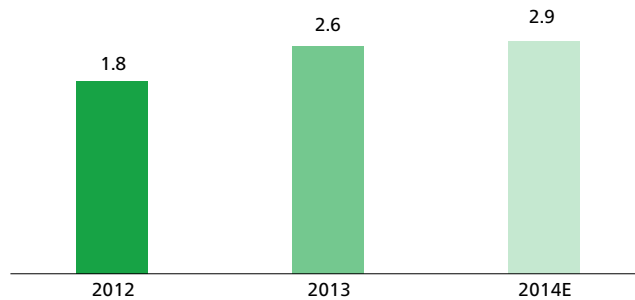
Romania has used the green certificates mechanism to foster the development of renewable energy in recent years. Under its National Renewable Energy Plan to implement Directive 2009/28/EC, the Romanian government plans to reach a total of about 12.6 GW of renewable generation capacity by 2020, an installed base that will cover 38.2% of the country's gross electricity consumption.

Installed renewable generation capacity expanded by an estimated 4% in 2014, reaching 11 GW, as detailed in the following chart.



Source: Enerdata, GWEC, EPIA and Transelectrica. Based on BNEF data for 2014.  
Note: excluding pure pumping systems.

The growth is mainly attributable to wind power: in 2014 alone, installed wind capacity expanded by 13%, rising to about 3 GW. That capacity is mainly located in the region of Dobrogea, an area which borders the Black Sea, with an especially favorable geographical morphology, as it is a flat region with a low population density.



Source: Enerdata, GWEC and Transelectrica. Based on BNEF data for 2014.

## Regulatory and rate issues

The main form of incentive in Romania for all renewable energy resources is the green certificates system. The only exception regards hydroelectric plants with a capacity of more than 10 MW, which are not eligible for any incentive mechanism. Sellers are required to purchase a specified share of renewable energy each year through the purchase of green certificates on the basis of annual targets set by law for the share of gross generation from renewables. Each year, the Romanian regulator publishes the mandatory share, recalculated to balance supply and demand. The value of the green certificates varies on the basis of coefficients that differ by generation technology. More specifically, these are 2 green certificates per MWh of generation from biomass, geothermal and wind until 2017 (after 2017, 1 green certificate), 6 green certificates per MWh of generation from photovoltaic, and 3 green certificates per MWh of generation from hydroelectric for new plants. The price of the green certificates is determined by law within a specified range (cap & floor). Sellers

are subject to penalties in the event of non-compliance. The ordinance EGO 57/2013 temporarily modifying the green certificate system, which was issued in June and definitively approved in December 2013, established the temporary suspension (from July 1, 2013 to March 31, 2017) of trade in part of the green certificates due to renewables generators (1 green certificate per MWh for wind and mini-hydro and 2 green certificates per MWh for photovoltaic). Trading in the deferred green certificates could gradually resume after April 1, 2017 for photovoltaic and mini-hydro and after January 1, 2018 for wind, continuing until December 2020.

On December 16, 2013 Resolution no. 994/2013 was published. It reduced the number of green certificates for new plants as from January 1, 2014. More specifically, the new values are 1.5 certificates per MWh of wind generation until 2017 (after 2017, 0.75 green certificates), 3 certificates per MWh of photovoltaic output and 2.3 certificates per MWh of hydroelectric generation.

On March 19, 2014, the Romanian government reduced the share of electricity generated from renewables that will receive green certificates in 2014 to 11.1% from 15%.

On June 11, 2014 the government approved a Decision, published in the official journal on July 4, 2014, that introduces a mechanism for the exemption from the obligation to acquire green certificates for a number of large electricity users. The measure was approved by the European Commission on October 15, 2014. The support system, which has a term of 10 years and is applicable as from December 1, 2014, will reduce the obligation in a variable amount de-

pending on the level of consumption and expenditure on electricity of each company, up to a maximum of 85%.

On December 12, 2014, the Government reduced the share of electricity generated from renewables that will receive incentives for 2015 to 11.9% from 16%.

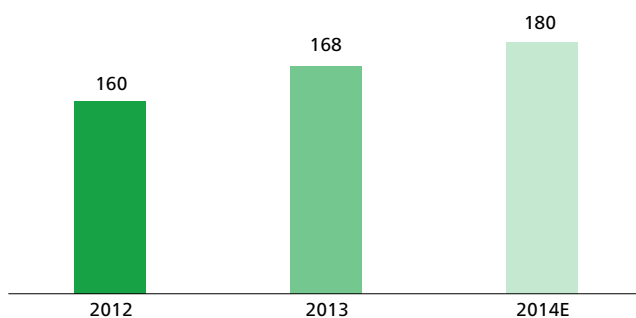
The feed-in tariffs methodology for small plants was published on July 14, 2014. The Romanian regulator ANRE announced that, starting from November 11, 2014, market coupling would apply to the day-ahead market for Slovakia, the Czech Republic, Hungary and Romania.

## United States

In the United States, renewable energy use is supported by specific federal and State-level measures and is evolving continuously. Renewable Portfolio Standards – under which a specified percentage of electricity must be generated from renewable resources – are in wide use, having been adopted by 29 States plus the District of Columbia.

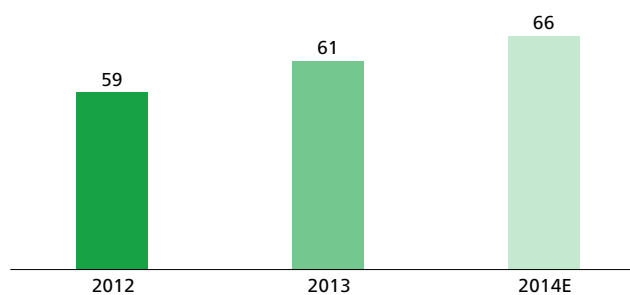
According to the World Energy Outlook 2014, renewable energy generation capacity will expand sharply, rising to 270 GW in 2020.<sup>(11)</sup> The greatest contributions to the growth will come from photovoltaics and wind power.

As of 2014, the United States has a total installed renewables capacity of about 180 GW, up about 7% on the previous year.



Source: EIA (hydro), IEA (biomass), AWEA (wind), Seia, Enerdata (solar), BNEF (geo).  
Based on data from IEA, BNEF, AWEA and FERC for 2014.  
Note: excluding pure pumping systems.

Wind power is a leading renewable resource in the United States, representing more than a third of total installed renewables capacity. In absolute terms, wind capacity rose from 61 GW in 2013 to 66 GW in 2014.



Source: AWEA. Based on AWEA data for 2014.

The growth in wind capacity was accompanied by a parallel expansion in its geographical reach. According to the American Wind Energy Association (AWEA), the number of States that already have installed wind capacity was 39 in 2014. The most active are Texas, Oklahoma, Iowa, Washington and Colorado, with more than 2.8 GW installed in the final quarter.

(11) Including pure pumping systems.

# Regulatory and rate issues

The United States has a two-level renewables incentive system:

> at the federal level, a number of forms of support are available, such as: tax incentives (the production tax credit and the investment tax credit), accelerated depreciation and federal subsidies. The production tax credit (PTC), the tax incentive for the production of energy from renewable resources, which had expired at the end of 2013, was renewed with the Tax Increase Prevention Act of December 20, 2014. Thanks to the extension, projects that “began construction” by December 31, 2014 qualified for the credit. The Internal Revenue Service (IRS) is expected to issue additional guidelines concerning the definition of the “continuous efforts” required to be eligible in the 1st or 2nd Quarter of 2015. The investment tax credit, the tax incentive for investments in renewable energy, has remained applicable to plants that enter service by December 31, 2016;

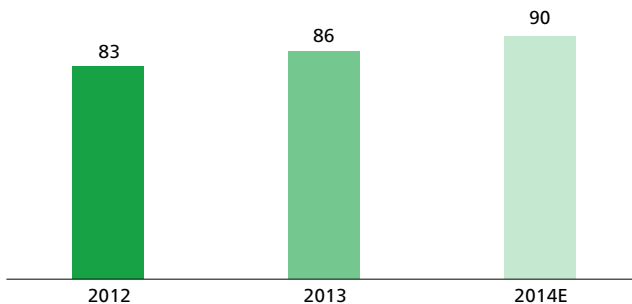
> at the State level, the main approach is the Renewable Portfolio Standard (RPS) mechanism, consisting of mandatory percentages of generation from renewables for utilities, with targets differing from State to State. Most States have adopted systems of tradable certificates, but there is currently no platform operating at the federal level.

On June 2, 2014, the Environmental Protection Agency (EPA) published a proposed rule for existing fossil-fuel power plants that provides for an overall reduction of CO<sub>2</sub> emissions of 30% by 2030 compared with their 2005 level. A specific reduction target has been set for each State, with the States being left a considerable degree of flexibility in determining the policies and strategies to adopt in order to achieve the targets. After the consultation phase, the proposal is currently being redrafted and the EPA expects to approve a definitive version by the end of the 3rd of Quarter of 2015. In that case, the States will have until June 2016 to submit their reduction plan to the EPA.

## Canada

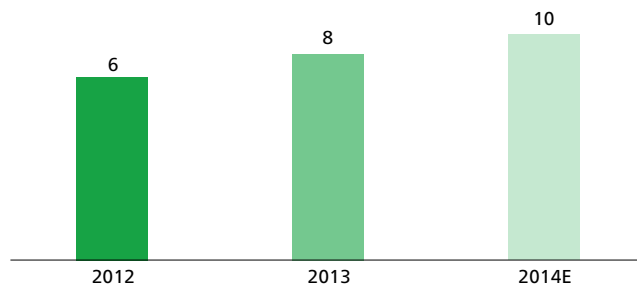
Canada is one of the world leaders in installed renewable generation capacity, thanks largely to the contribution of hydroelectric power. The development of renewables has been spurred mainly by a series of voluntary and binding targets adopted by a number of provinces (Manitoba, New Brunswick, Ontario, Québec and Nova Scotia). In addition, the provinces of Québec and Alberta are adopting regulations governing greenhouse gas emissions.

In 2014, the installed base of renewable generation capacity grew by about 3.5 GW, to about 90 GW, of which 85% in the form of hydroelectric power.



Source: Enerdata, GWEC. Based on Enerdata and BNEF data for 2014.  
Note: excluding pure pumping systems.

The resource whose installed capacity grew the most in 2014 was wind power, with capacity rising to about 10 GW last year. The provinces with the most new installed wind capacity in 2014 were Québec, Ontario and Alberta.



Source: Enerdata, GWEC. Based on BNEF data for 2014.

# Regulatory and rate issues

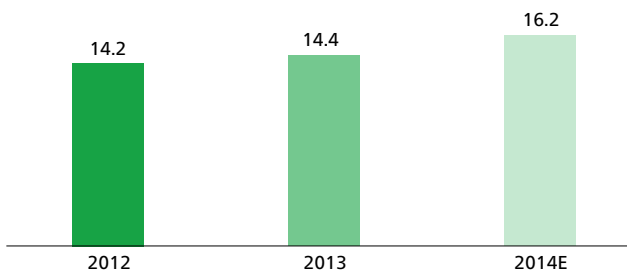
There are currently no renewable energy incentive mechanisms in place at the federal level. However, new federal regulations designed to reduce greenhouse gas emissions were published in September 2012. More specifically, the rules establish performance standards for new coal-fired plants, which will enter force in July 2015. Furthermore,

there is also a national-level target for reducing greenhouse gas emissions by 17% of their 2005 level by 2020. With regard to the renewable generation, a number of provinces have set binding or voluntary targets and each adopts different approaches in supporting the development of energy resources.

## Mexico

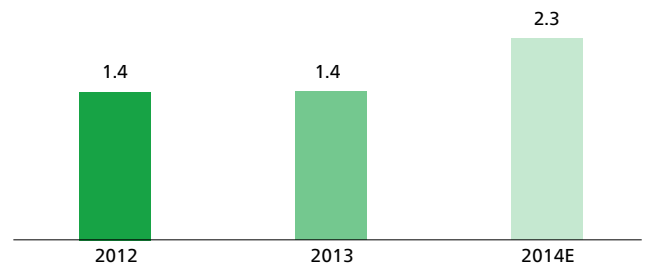
The Mexican government has recently taken steps to further promote the development of a regulatory framework to support renewables. On June 3, 2013, the Mexican government published the National Climate Change Strategy, which sets a target of reducing greenhouse gas emissions from their 2000 level by 30% by 2020 and by 50% by 2050, incorporating renewable resources into the energy matrix, implementing energy efficiency measures and transitioning to smart cities.

Installed renewable generation capacity expanded by about 13% in 2014 from 2013, to about 16 GW.



Source: CRE, SENER, CFE. Based on CRE, SENER, CFE and BNEF data for 2014.  
Note: excluding pure pumping systems.

Wind power made the greatest contribution to the overall increase in installed renewables capacity in the last year. In 2014, the installed base of wind capacity amounted to about 2.3 GW, as detailed in the following chart.



Source: CRE, SENER, CFE. Based on BNEF data for 2014.



# Regulatory and rate issues

The year 2014 saw the progressive approval and publication of key energy laws and regulations following the energy reform published on December 20, 2013 aimed at restructuring the electricity and oil sector.

In August, the secondary energy reform legislation was published. With regard to the electricity sector, the following were published:

1. "*Ley de la Industria Eléctrica*", which calls for the creation of a competitive power generation market and an independent operator to manage the market, the introduction of a clean energy certificates mechanism and the establishment of rules governing the transition period prior to the official launch of the wholesale power market;
2. "*Ley de Energía Geotérmica*", which defines a special regulatory framework for exploration activities and electricity generation from geothermal resources, the mechanism for identifying areas to be concessioned and the procedures for awarding such concessions;
3. "*Ley de la Comisión Federal de Electricidad*", which redefines the role and structure of the former public electricity monopolist (Federal Electricity Commission - CFE).

The guidelines for an electricity certificate mechanism (*Certificados de Energías Limpias*), which is designed to achieve the target of 35% of electricity generated from non-polluting sources by 2024, were published on October 31. The obligation will come into force as from 2018, with the target to be defined by March 2015.

In view of the launch of the wholesale market, scheduled for January 1, 2016, an independent market operator (CENACE

– *Centro Nacional de Control de la Energía*) was also officially established.

As regards the remuneration of renewables generation, the regulatory system prior to the reform was governed by the renewables promotion law (LAERFTE), published in 2008. Private investors participated either as independent power producers who sold all their output to the *Comisión Federal de Electricidad* using auction mechanisms, self-suppliers or small-scale producers (with an installed capacity of less than 30 MW) who sold their output at rates governed by the *Comisión Federal de Electricidad*.

In line with the new regulatory arrangements:

- > plants in operation at the date of the launch of the new market and those with an interconnection contract may retain the remuneration plans they held before the reform;
- > new plants and all those without an interconnection contract may adopt the various sales procedures introduced with the reform (auctions for the supply of customers on the regulated market, bilateral contracts with customers on the free market and spot sales on the wholesale market), the details of which are currently being completed.

With specific regard to the development of geothermal plants, in early 2015 the CFE will identify the sites that it intends to develop independently and those that will later be allocated to private investors through specific auctions (*Ronda Zero*).

## Brazil

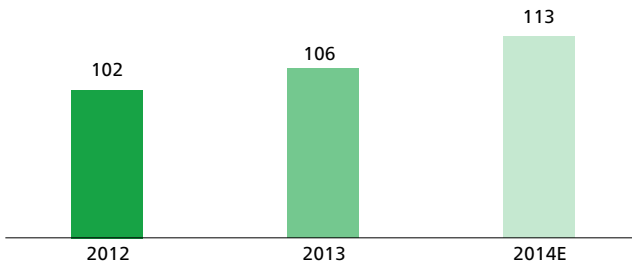
Brazil is the Latin American country with the greatest installed renewable generation capacity. According to Global Wind Energy Outlook 2014, the supply of renewable energy in Brazil remains highly concentrated in the hydroelectric segment (about 80% of the total), although wind power and biomass are expanding rapidly.

According to the World Energy Outlook 2014, installed renewable generation capacity in Brazil will expand sharply,

rising to 137 GW in 2020.<sup>(12)</sup> The largest contributions to growth are expected to come from hydroelectric power (historically the most developed segment) and wind power (which forecasts see growing exponentially in the coming years).

As of 2014, installed renewables capacity was an estimated 113 GW, up 7% on the previous year.

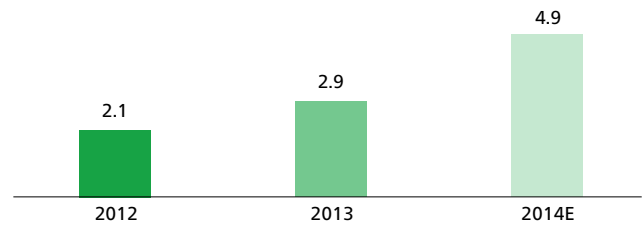
(12) Including pure pumping systems.



Source: ANEEL, EPE.  
Note: excluding pure pumping systems.

Installed wind capacity amounted to about 5 GW in 2014,

an increase of no less than 70% on 2013. At the same time, wind's share of total renewables capacity rose from 2.7% in 2013 to 4.3% in 2014.



Source: ANEEL, EPE.

## Regulatory and rate issues

The incentive system for renewable energy in Brazil was created in 2002 with the implementation of a feed-in mechanism (PROINFA), and was then harmonized with the sales system for conventional power using competitive auctions. The auctions are divided between new plants and existing plants and comprise:

- > *Leilão Fontes Alternativas*, which are restricted to wind, biomass and hydroelectric up to 50 MW;
- > *Leilão Energia de Reserva*, which cover projects that will enter service within three years of the auction. These auctions are normally held to increase capacity reserves or promote the development of certain technologies (such as renewables);
- > *Leilão de Energia Nova*, which are open to all projects that are expected to enter service more than three years from the auction date. The auctions are divided into A-3 and A-5 auctions on the basis of the generator's obligation to supply the energy awarded after three or five years.

The auctions are typically structured into two phases: the descending clock phase, in which the auction organizer set the opening price and generators submit bids below that

price; and the pay as bid phase, in which the remaining generators lower the price further until the supply of electricity covers all of the demand up for auction. The winners are awarded long-term contracts of varying terms: 15 years for thermal plants fueled by biomass, 20 years for wind plants and 30 years for hydroelectric plants.

Four auctions were held in 2014, with contracts signed for a total of more than 8 GW of power (of which more than 90% represented by new capacity). On October 31, the first federal-level reserve auction was held, with a specific block of solar capacity and the award of about 890 MW.

On December 17, the Ministry of Energy published a new industry expansion plan (PDE2023 - *Plano Decenal de Expansão de Energia*) that envisages major growth in renewables capacity. Under the plan, the government forecasts that wind capacity will expand by an average of 2 GW a year until 2023, while solar and biomass capacity will account for about 13% of total installed capacity in 2023.

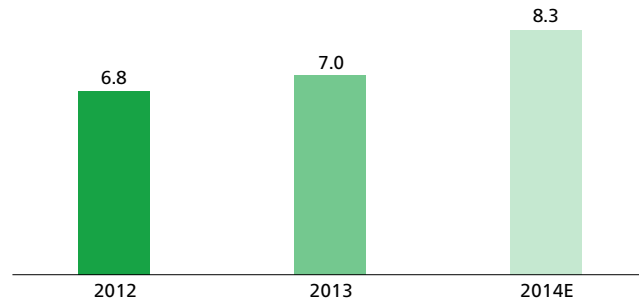
On November 25, 2014, with resolution 1832, the Brazilian regulator ANEEL modified the fluctuation band for the exchange price (PLD), setting new lower (~12 €/MWh) and upper (~151 €/MWh) limits.

# Chile

Unlike many Latin American countries, Chile does not have an abundance of fossil fuel resources and primarily meets domestic energy with imports. At the same time, however, Chile has major renewable energy potential in a range of technologies, including hydroelectric, wind, solar and geothermal. Nevertheless, according to estimates in the Global Wind Energy Outlook 2014, to date these resources account for less than 1% of the existing energy mix.

In 2013, the Senate approved a resolution increasing the target for electricity generated from renewables to 20% by 2025.

As the following chart shows, as of 2014 Chile had an installed renewable generation capacity of more than 8 GW, an increase of 19% on the previous year.



Source: Enerdata, EPIA, CNE. Based on CNE data for 2014.  
Note: excluding pure pumping systems.

## Regulatory and rate issues

Chile has a system mandating achievement of specified renewable energy targets for those who withdraw power for sale to distributors or end users. The law sets two different targets depending on the date the supply contract was signed:

- > for all power under contract between August 31, 2007 and June 30, 2013, as from 2014 5% shall be generated from renewables, with an increase of 0.5% a year until achievement of a share of 10% from renewables by 2024;
- > for all power under contract as from July 1, 2013, Law 20698 of 2013 sets a target of 20% from renewables by 2025, which is to be achieved progressively from an initial share of 6% in 2014.

All renewable resources are subject to the obligation. Hydroelectric plants with a capacity of up to 40 MW apply a correction factor under which the first 20 MW are counted entirely, while a declining percentage of capacity between 20 and 40 MW is computed. The mechanism establishes penalties for failure to achieve the mandatory share.

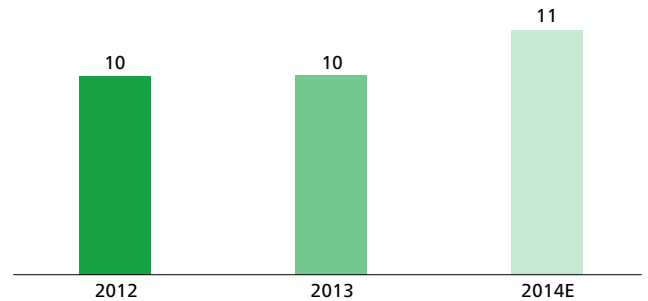
In May 2014, the President, Michelle Bachelet, presented Chile's new Energy Agenda, setting out the main objectives of the system and specifying the timetable for the regulatory agenda and the government's planned investment plan for the next term. The agenda confirms the target of 20% by 2025 for power under contract and adds a new target of 45% for renewables' share of capacity installed between 2014 and 2025.

# Colombia

According to forecasts developed by Business Monitor International, in 2015-2019 Colombian generation is expected to increase at an annual average rate of 3.6%, reaching 81.3 TWh in 2019. The expansion will mainly be driven by hydroelectric generation, which is projected to rise at an annual rate of 4%, while coal and gas-fired thermal generation are set to rise at rates of 2.7% and 2.5% a year respectively.

In addition, Colombia is one of the few Latin American countries to have organized an electricity exchange. Since 1995, electricity companies and large-scale consumers have been negotiating medium-term bilateral contracts on the exchange. The Colombian power industry has a mix of public and private-sector operators, with more than 45% of generation capacity in private hands.

In 2014, Colombia had a total installed capacity of about 11 GW, mainly accounted for by hydroelectric power, with growth of about 11% on 2013.



Source: UPME.  
Note: excluding pure pumping systems.

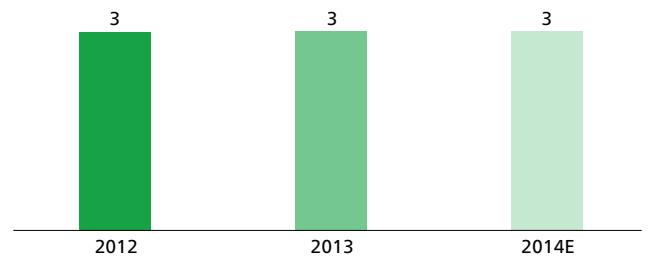
# Peru

According to Business Monitor International, generation in Peru is forecast to expand very rapidly between 2015 and 2023, with the latest projections pointing to an annual average rate of growth of 6.6%, while demand is expected to increase by 5.4% a year over the same period.

Hydroelectric generation accounts for about 54% of total output and is expected to increase further since increasing hydroelectric capacity is one of the government's energy policy priorities.

The development of renewables projects, such as solar and wind capacity, appears to be maturing despite the lag in growth compared with neighboring countries. The government has announced that it wants to achieve a target of 5% of electricity from solar and wind power by 2017.

In 2014, Peru had installed renewables capacity of 3.5 GW, mainly accounted for by hydroelectric capacity, with an increase of about 6% on 2013.



Source: COES, Enel Green Power estimates.  
Note: excluding pure pumping systems.

# Central America

## Regulatory and rate issues

### SIEPAC - Regional Electricity Market

The Regional Electricity Market (MER), officially launched on June 1, 2013 by the regional regulator (CRIE), saw the completion of the final segment of the SIEPAC transmission line on September 29.

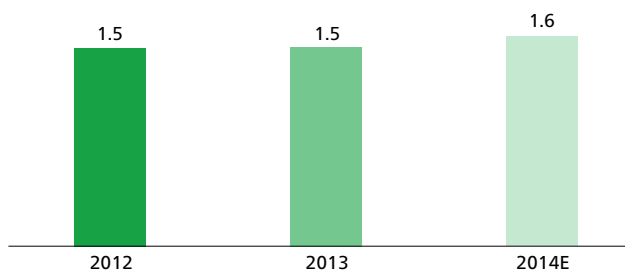
In the 2nd Half of 2014, the CRIE also issued a number of resolutions to complete the regional regulatory arrange-

ments and conclude the transitional system in place since March 2013. The implementation of regional regulations marks the first step towards the consolidation of the rules governing cross-border trade in electricity among 6 countries in Central America (Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica and Panama).

## Panama

Although Panama is not a leading energy producer or consumer, it plays an important role in energy trading and transit thanks to its control of the Panama Canal and the Trans-Panama oil pipeline. At the same time, the share of renewable energy generation is high, thanks above all to the substantial amount of installed hydroelectric capacity the country has.

As the following chart shows, installed capacity in 2014 rose somewhat, reaching 1.6 GW, up about 7% on the previous year.



Source: CEPAL, ASEP, Enerdata. Based on ASEP data for 2014.  
Note: excluding pure pumping systems.

## Regulatory and rate issues

Renewable energy is primarily sold through public auctions organized by distributors and bilateral power purchase agreements reached on the free market.

On June 12, 2013, in line with an energy policy directed at diversifying the energy mix, the Panamanian government ratified Law 605, which establishes tax incentives to support the development of solar power. The new incentives provide for an exemption from import tax, introduces tax credits and the option of acceleration depreciation.

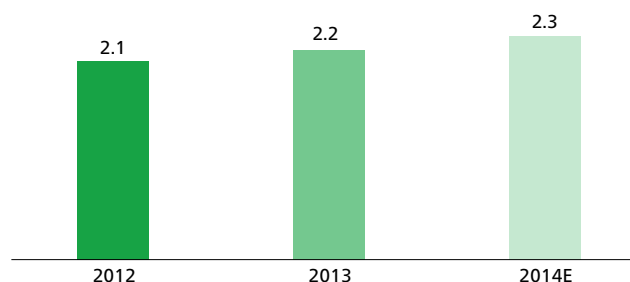
On March 31, 2014, the President published Resolution no. 41, which granted the Fortuna hydroelectric plant owned

by Enel Green Power an indemnity of \$75 million, broken down over the period March 31, 2014-December 31, 2016. The award was granted following the production restrictions imposed by the government on the plant as a result of delays in expanding the Panamanian transmission grid. On October 22, 2014, Resolution AN 7966 was published, introducing the option of exporting electricity through the Regional Electricity Market. The measure will enable market operators to bypass the existing restrictions on the transmission network pending the expansion of the grid between 2016 and 2017.

# Costa Rica

Costa Rica is one of the most interesting Central American countries in terms of installed renewables capacity, primarily owing to its hydroelectric resources. Renewable resources play a key role in electricity generation, accounting for nearly 85% of output.

Installed renewable generation capacity in 2014 is estimated to have risen by about 2% compared with 2013, to stand at 2.3 GW.



Source: CEPAL, ICE, Enerdata. Based on ICE and BNEF data for 2014.  
Note: excluding pure pumping systems.

## Regulatory and rate issues

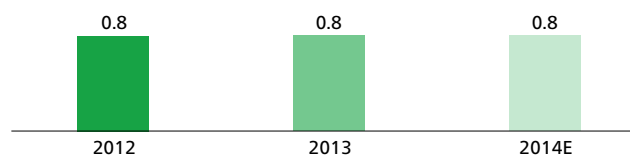
Renewable energy is primarily sold through independent power producers ( $\leq 20$  MW) at rates set by the regulator (ARESEP) and public BOT auctions ( $\leq 50$  MW) setting prices for long-term power purchase agreements with ICE.

ARESEP adjusted rates for new and existing renewables

plants on the basis of the findings of a number of public consultations held in November. The update will have a positive impact for existing plants (hydroelectric and wind), whose rates were increased by 13%, but will adversely impact new plants, with a reduction of 16% compared with 2014.

# El Salvador

According to estimates made by the *Consejo Nacional de Energía* (CNE), generation from renewable resources in El Salvador could reach 6,787 GWh in 2015, primarily from hydroelectric power (30%). As shown in the following chart, installed capacity has remained essentially unchanged over the last three years, at 0.8 GW.

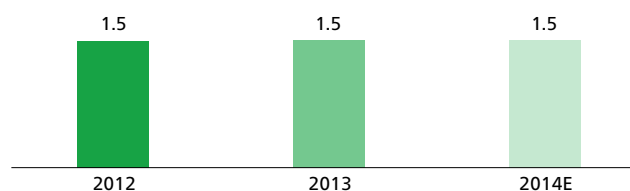


Source: CEPAL, SIGET, Enerdata. Based on SIGET data for 2014.  
Note: excluding pure pumping systems.

# Guatemala

Guatemala, one of the most highly populated countries in Central America with more than 15 million inhabitants, has a growing demand for energy and makes considerable use of renewable resources (notably hydroelectric and biomass) in its energy mix.

In 2014, installed renewables capacity remained stable at about 1.5 GW, of which about 70% is hydroelectric capacity. Under the Energy Policy 2013-2027, the country has set a target for renewables generation of 80% by 2027.



Source: based on CEPAL data.  
Note: excluding pure pumping systems.

## Regulatory and rate issues

Renewable energy is primarily sold through public auctions organized by distributors/traders and bilateral power purchase agreements on the free market. The country also has

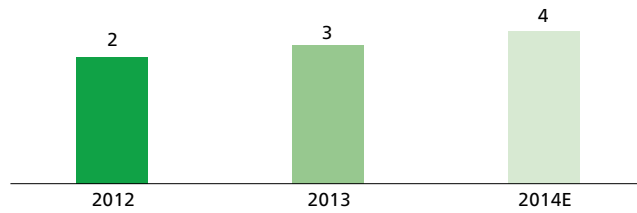
a system of tax incentives, including a 10-year exemption from income tax and an exemption from taxes in the import of materials and equipment for renewables plants.

## South Africa

South Africa's energy mix displays a high concentration of coal-fired generation, which contributes more than 90% of domestic electricity production.

The government has however launched a program for the development of renewable resources denominated Renewable Energy Independent Power Producer Programme (REIPPP) that is consistent with the Integrated Resource Plan 2010-2030 (IRP), which envisages a substantial increase in the share of renewables in the national energy mix.

As shown in the following chart, renewables capacity expanded by about 1.2 GW last year, equal to an increase of about 48% on 2013.



Source: Enerdata. Based on Enerdata and BNEF data for 2014.  
Note: excluding pure pumping systems.

Wind and solar power were the main factors in the rise, together accounting for 35% of installed renewables capacity 2014 (up from 3% in 2013).

## Regulatory and rate issues

On the basis of the long-term energy strategy set out in the Integrated Resource Plan 2010-2030, which was approved in May 2011, South Africa intends to achieve 17.8 GW of installed renewables capacity by 2030. The main instrument for reaching that goal is the Renewable Energy Independent Power Producer Procurement Programme, a system of auctions begun in 2011 that seeks to foster the development, between 2014 and 2020, of about 7 GW of new installed renewables capacity (hydroelectric <40 MW, concentrating solar power and photovoltaic, wind, biogas and landfill gas). Plans currently call for 5 rounds of auctions (bid windows), 4 of which have already been held. Including Round 4, for which the winners will be announced in the 1st Quarter of 2015, a total of about 5,000 MW have been assigned.

After a pre-qualification phase, which covers technical and financial aspects, qualified projects are selected on the basis of two criteria: the price tendered (70% weight) and the level of economic development envisaged (30%). The latter consists of a number of parameters concerning the economic development of the country, such as "local content" and the creation of jobs for South Africans, especially the black population.

The winning bidders will be able to enter into 20-year PPAs (power purchase agreements) with Eskom, the national utility. Eskom payments are guaranteed by the government.



# How we operate



## Creating shared value

Since its foundation, Enel Green Power has experienced rapid growth in markets of increasingly international scope, with a growing focus on emerging markets and developing countries. This has brought new challenges to the overall sustainability of the Group's growth strategies: **the effectiveness and efficiency of business development processes depend substantially on forging stable and positive relationships** with key national, regional and local stakeholders, on the ability to integrate positively and synergistically with the places in which we operate and on paying extremely close attention to the prevention and management of our impact on the environment, safety, supply chains and the lives of local communities.

**Throughout the lifecycle of projects, from development to construction and operation, Enel Green Power seeks to combine the pursuit of business objectives with making a real contribution to the socio-economic development of the areas in which we operate**, taking a long-term perspective and developing initiatives modeled on the needs and potential of each territory.

To support this objective and ensure that the entire organization is directed towards pursuing it, in 2013 Enel Green Power established, involving company functions, a sustainability model focused on "Creating Shared Value". It operates on two levels: first, we have identified areas of intervention that hold potential synergies with the strategies and objectives of Enel Green Power in which the Company can help create measurable value, representing the focus of our efforts in planning and implementing initiatives in local communities; second, we have developed effective tools to support the planning, implementation and monitoring of initiatives in these areas.

More specifically, we seek to integrate the tools used to activate opportunities for creating shared value within Enel Green Power's chain of value creation. This is structured into three phases in which the three line functions operate: Business Development (identification and development of investment opportunities), Engineering & Construction (design and construction of plants) and Operation & Maintenance (operations and maintenance throughout the life of

the plant). Operational instruments have been identified for each phase of the process. They are designed to integrate sustainability into the activities of the functions and to foster an anticipatory and proactive approach to identifying opportunities for generating shared value. Similarly, specific tools have been designed for staff functions (such as Procurement, Health, Safety, Environment & Quality and Audit) that support the line functions throughout the process.

In the Business Development phase, then, the technical analysis to assess the potential of the various sites is supplemented with studies of the economic, social, cultural and environmental context and an analysis of the main stakeholders involved and their needs. The aim is to acquire a comprehensive understanding of the conditions that may influence the investment decision. The creation of stable and constructive relations with stakeholders at the national, regional and local levels is an essential element in this stage: open dialogue and the transparent development of consensus on entering or expanding in a territory are key steps in reducing the risks associated with any lack of acceptance of the works, where such rejection may originate from a limited knowledge and understanding of what actually happens and the opportunities that Enel Green Power's presence can also generate for the community.

Based on an understanding of the specific features of the areas in which we wish to operate, which is obtained by actively listening to the needs and expectations and studying the context, Business Development, together with all the other functions, identifies forms of intervention in the territory that can meet actual local needs and interact synergistically with the Company's objectives. These solutions are planned and integrated within the investment project in order to enable the allocation of the necessary resources and the initiation of the medium- and long-term processes that will permit them to be activated even in the later stages of the project.

Taking this plan as their guide, during the development stage the design team can define the design of the plant to be built once all administrative and permitting steps have been completed. In its design work, Enel Green Power pursues the continuous improvement of techniques and the identification of cutting-edge solutions that combine greater efficiency (operational and cost) with a tangible reduction in the impact of a plant. These solutions, which are developed in excellence centers specialized by technology and dedicated units (such as Design to Safety, Design to Environment and Design to Cost), then become established practices, gradually helping to raise internal standards.

Once the system has been designed and the necessary permits obtained, construction begins. This is the time when Enel Green Power's presence in the territory becomes "visible" and in which the impacts most perceptible to the community are generated. Key elements at this stage are therefore the implementation of high environmental standards and criteria to reduce the environmental impact of construction, standards that also extend suppliers and contractors, and a transparent approach to communication with local communities about the impacts of the work and the measures being taken to mitigate those impacts. A tangible expression of this approach is the "Sustainable Construction Site" project, which is gradually being rolled out at a growing number of sites, both for new plants and for the extraordinary maintenance of plants already in operation.

Since many of these solutions require the involvement of external suppliers and contractors for implementation during both construction and subsequent operation, procurement processes are a key element of this effort. The specifications developed by the appropriate functions are translated into the contractual clauses and the rules of conduct through which Enel Green Power transmits its standards to external partners. To encourage the adoption of practices in line with company rules and principles by employees, suppliers and contractors at construction sites and operating plants, Enel Green Power undertakes awareness-raising initiatives and agrees environmental, health and safety and ethical standards with these stakeholders.

Following construction, facilities are "delivered" to Operation & Maintenance, which is responsible for the operation and maintenance of the plant over its useful life, thus consolidating Enel Green Power's presence in the area for 20-30 years. The priorities at this stage are the pursuit of operational efficiency, through the sharing of best practices, upgrade projects and the implementation of advanced solutions for monitoring performance and assessing the condition of the plant, and environmental efficiency, consistent with the periodically updated impact management and mitigation plans developed for each site.

The operations phase is also the time that the greatest opportunities for the socio-economic growth for local communities can be pursued, through the direct hiring of personnel or the involvement of local companies as outsourcers for operational activities and maintenance. In Italy, for example, in the Larderello geothermal fields, Enel Green Power has contributed to the start-up of a number of specialized local enterprises, sustaining their growth through the transfer of know-how and quality control of their products. Another

form of synergistic collaboration has been to use steam unsuitable for electricity generation for district heating and for powering greenhouses and food processing facilities, with positive effects on the development of these sectors.

In order to identify all opportunities for socio-economic development for local communities, “Creating Shared Value” approach assesses the growth potential of individuals and businesses in this area right from the development phase of the project, enabling the timely implementation of skill development systems that can create the conditions – when the system is in operation – to tap the local market for staff and suppliers. Moreover, close ties to the community are kept alive during the operations phase through involvement, awareness-raising and education in renewables, efforts that seek to enhance understanding of the company, its facilities and its operations in the territory.

Key elements in ensuring that our business is directed to-

wards identifying and planning opportunities for shared value creation from the very outset include close cooperation between all the corporate functions, reciprocal feedback on the effectiveness of the process and the support of tools that foster the exchange of knowledge between one stage of the value chain and another. For this reason, the “Creating Shared Value” model envisages tools to monitor developments in key indicators of sustainability actions and performance throughout the life of the project and to transfer this gradually acquired knowledge from one function in the value chain to another.

Framing this entire process are the principles of ethics, transparency, anti-corruption, respect for human rights and safety that have always marked how Enel Green Power operates, which are incorporated in policies and rules of conduct that apply to the entire Enel Group.

## Governance and ethics

### Principles of conduct

Enel Green Power bases its operations on a number of key ethical principles that underpin the business culture and the standard of behavior required of all those who work with the Group. These principles are set out in several documents applicable to the entire Enel Group that Enel Green Power has approved and has adopted since its formation:

- > the Code of Ethics identifies “business ethics” principles and the related standards of conduct that the Group has adopted for itself and with which it requires all employees to comply in order to avoid the risk of unethical behavior. **Key principles include fighting corruption, fairness in the marketplace, refraining from anti-competitive conduct, transparency in relations with institutions, protecting the environment and ensuring worker safety;**
- > the Compliance Model under Legislative Decree 231/2001 (which in 2014 was revised in order to incorporate the new offenses provided for in new legislation) supplements the rules of conduct found in the Code of Ethics. It seeks to prevent the commission of a series of crimes specified in the Decree, including corruption (including private bribery starting from 2013). The principles set out in the Model have been extended to the Group’s foreign subsidiaries through the adoption of internal guidelines;

- > the Zero Tolerance of Corruption Plan (adopted in 2006) has the priority objective of seeking out and encouraging actions designed to foster a culture of legality through educational initiatives and by developing a sense of responsibility among Group personnel. The ZTC Plan therefore reinforces the Group’s commitment to combatting corruption enunciated in the Code of Ethics and the Compliance Model, assigning specific responsibilities for monitoring corruption risks and the appropriate handling of each potential case of corruption. In addition to affirming the need for the Group to respect the principles of honesty, transparency and fairness in the conduct of business, the document also sets out specific measures to be adopted in dealings with partners, subsidiaries, suppliers and consultants;
- > the Human Rights Policy, adopted in 2013, strengthens and sets out in detail the commitments already incorporated in the other principles and codes of conduct governing labor practices and relationships with communities and society.

As regards the prevention, assessment and verification of the risks of corruption in particular, **all organizational units are responsible for conducting an effective risk manage-**

ment process in the areas for which they are competent, establishing appropriate control and monitoring systems. This is accompanied by the periodic risk assessment exercises conducted by the Audit department, which are intended to identify and assess inherent and residual risks associated with business processes. This analysis and monitoring of corruption risk, which falls within the more general risk assessment process of the Group, also contributes to the preparation of the Audit plan so as to focus audit activities on the processes at greatest risk.

## Management of reports of violations

Enel Green Power's stakeholders may report to the Company, through a variety of channels (such as a dedicated e-mail address), any information on alleged violations, conduct or practices that are not in line with the principles and rules of behavior sanctioned by the Code of Ethics and the Compliance Model. Enel Green Power's Audit unit, with the support of the corporate functions involved, analyzes the violations and conducts the necessary enquiries to ascertain whether the reported violations actually occurred and to identify any deficiencies in internal processes and take action to ensure the adequacy of the system of internal controls. The identity

of persons reporting the violations is always kept confidential in handling reports.

A summary is prepared of each violation report received, describing the subject matter, the analysis performed, the results of this analysis, and any actions taken or to be taken in response to the report. Enel Green Power's Control and Risk Committee is required to become involved in the most significant cases.

## Ethics training

In order to ensure that the Group's regulatory instruments are disseminated and properly understood by its employees, Enel Green Power provides training on these topics. Specifically, courses on the principles set out in the Code of Ethics and on topics of importance for the Compliance Model are provided under the umbrella of the training initiatives and campaigns launched by the Enel Group and provide online compulsory training and comprehension testing with the aim of fostering a widespread understanding of the course content.

In addition to special training initiatives for specific professional families, the issues addressed in the Code of Ethics, the Compliance Model, the Zero Tolerance for Corruption Plan, and the Human Rights Policy are also addressed in training programs designed for newly hired employees.

## The drive to innovation

In 2014, Enel Green Power spent about €16.9 million on innovation for development and operational testing of innovative technologies. One quarter of this amount was allocated to medium/long-term research. For the period 2015-2019, the commitment for these initiatives is expected to be around €100 million.

Innovation is a key part of the Group's pursuit of sustainable growth.

During the year, Enel Green Power focused on three strategies:

> **improving the performance** of all the technologies that Enel Green Power has traditionally used, while increasing

their availability, thanks to the use of two or more generational technologies and the employment of electrochemical energy storage systems;

- > **integration of renewable power in urban environments**, focusing on the use of renewable resources in anthropized environments, thanks to the use of smaller-scale, low visual impact machines, such as advanced wind generators and small-scale thermodynamic solar power systems, as well as architectural integration;
- > **use of new renewable resources**, experimenting with systems that are able to use renewable resources that are presently not being exploited, particularly wave energy.

## Partnership and collaboration

Enel Green Power considers innovation to be always open to new ideas, debate and experimentation. Inspired by this “open innovation” approach, Enel Green Power has turned to the academic world, to established industrial companies, and to start-ups that are capable of contributing to overcoming the technological challenges that the organization faces by sharing ideas and technologies and, where possible, through coinvestment, and continually integrating the contribution and experience of the other Enel Group companies in this process.

Partnerships are currently under way with other businesses, with external research centers, and with public institutions. For example, in October 2014, Enel Green Power, along with the French firm DCNS, was selected by the Chilean Organization for Economic Development, CORFO (*Corporación de Fomento de la Producción*) to create an international center of excellence for marine energy in Chile, known as the Marine Energy Research and Innovation Centre (MERIC). With a duration of 8 years, the project calls for some \$20 million to be contributed – with a portion in cash and a portion in the form of financing – 65% of which is to come from CORFO. The purpose of the project is to conduct research and development in technology that makes use of marine energy, particularly taking account of the specific natural conditions of the Pacific Ocean in Chile. The center will be backed by the Chilean development organization Fundación Chile, by the foundation INRIA Chile, by the research institutes Pontificia Universidad Católica de Chile and Universidad Austral de Chile, and by the Enel Group companies Chilectra and Endesa Chile. MERIC will serve as a hub of innovation in marine energy for Chile and throughout the world.

Also in the area of marine energy, one of the Group’s most important technological partnerships is that with 40South Energy. Through the partnership, Enel Green Power was able to place the R115 marine wave energy converter, developed by 40South Energy, into operation off the Italian coast of Punta Righini (Tuscany).

On the energy storage front, Enel Green Power has launched the project “Active RES into the grid” in Italy, which includes partnerships with international leaders in order to test their energy storage technologies on their own systems. More specifically, three storage systems are to be installed at two wind farms and one photovoltaic plant, which were connected to the medium-voltage grid in 2014. The purpose of

the project is to test advanced energy management functions in order to minimize intermittence and maximize the use of the existing connections. During the year, an energy-storage system was also installed in the Chilean village of Ollagüe at an off-grid hybrid wind-photovoltaic power plant with a backup diesel generator. In this case, the system will be able to provide the village with constant electricity, while also managing to cover about 85% of the needs of its inhabitants through the generation of renewable energy. With regard to the wind technology, work continues together with the Milan engineering firm to develop and certify the “Genoa” wind turbine designed by the architect Renzo Piano.

In the area of solar energy, the technology partnership with Innova Solar Energy, a company active in the thermal solar segment, specializing in concentrator systems, has reached maturity with the successful installation in Italy, Chile and Brazil of the Trinum machines, which are small-scale, solar-thermal cogeneration concentrators (with a power output of 1 kW and thermal output of 3 kW).

In August 2014, the Cooperative Research and Development Agreement (CRADA) was signed by the leading national research labs in the United States specialized in renewable energy and energy efficiency, i.e. the National Renewable Energy Laboratory (NREL) and the Idaho National Laboratory (INL), under the supervision of the Geothermal Technologies Office (GTO), all of which are overseen by the US Department of Energy. The goal is to study the potential of the innovative Stillwater hybrid plant in Nevada (USA), which is owned by Enel Green Power.

During the year, the relationship begun in 2012, in Italy, with TIS - Innovation Park and the Innovation Department of the Autonomous Province of Bolzano was strengthened. This partnership seeks to encourage the development, testing and dissemination of innovative technologies, such as biomass and mini-wind, throughout the area. This included the start of testing of the Trinum system in Italy.

Collaboration efforts also continued with the Fulbright Best (Business Exchange and Student Training) program, a program sponsored by the US Embassy in Rome and targeted at young researchers in a variety of fields, including energy and green technologies.

Finally, the Group has a partnership with ItaliaCamp, an Italian association formed by a group of young people ranging in age from 25 to 35 years with the goal of promoting innovation through collaboration between Italian and foreign universities and Italian institutions and firms.



Enel Green Power is also involved in numerous projects launched in synergy and coordination with the other companies of the Enel Group in an effort to make better use of the organization's know-how. Examples of what is currently being done include:

- > corporate venturing: this is the case of Enel Lab, an initiative involving all the major Group companies and which offers young entrepreneurs its services as an investor and promoter of excellence, selecting and supporting the best Italian start-ups. Enel Green Power was an active participant in the initiative throughout the year, assisting I-EM, one of the winners of the first edition of the Enel Lab competition. The company offers ICT solutions for managing distributed generation, energy efficiency and smart grids. In addition, I-EM has developed professional meteorological and energy forecasting solutions for firms that manage renewable energy plants in order to better integrate them in the network.
- > Research & Development: Enel Green Power has collaborated in managing medium/long-term strategic projects of interest to the Group and that have a significant direct impact on Enel Green Power's activities, from the study of new technologies, such as Dye Sensitized Solar Cells (DSSC) and Luminescence Solar Concentrators (LSC), to the quest for innovative solutions in the areas of safety and computer security.

In 2014, Enel Green Power's Innovation Function received and analyzed over 100 innovative projects through the scouting channel, which were submitted by those within

the Enel Group and from outside the Group. Consistent with its "open innovation" approach, Enel Green Power remains open to contributions from anyone and plans to introduce procedures for expanding the ability to listen to those who would like to actively participate in building a sustainable future. In this regard, in 2014, the crowdsourcing platform, accessible through the Enel Green Power website, was further development in order to provide a forum for those seeking to share innovative ideas and proposals.

During the year, Enel Green Power received numerous awards in recognition of our innovation efforts from various important national and international organizations within the scope of contests aimed at rewarding and supporting innovative projects and ideas within Enel Green Power's specific areas of innovation. Examples include the Zayed Future Energy Prize, promoted by the United Arab Emirates, which is one of the world's most important awards of innovation in renewable energy and sustainability. The Group was a finalist in the Large Corporation category, along with First Solar, Ikea and Panasonic. Enel Green Power also took first place in the "Industrial" category of the 2014 Good Energy Award, promoted by Bernoni Grant Thornton, as well as first place in the category "Industrial or commercial companies and farmers" at the European Solar Prize promoted by the European Association for Renewable Energy (EURO-SOLAR). In both cases, the awards received were the result of the mutually beneficial partnership between Enel Green Power and 40South Energy in the field of marine energy.

## Integrated approach to health, safety and the environment

The Enel Green Power Group seeks to systematically approach, in order to continually improve, its management of safety, health and environmental matters, both through direct and indirect action.

In the wake of this commitment, the Group has in place an Integrated Health, Safety and Environment Management System that complies with international standards BS OH-SAS 18001:2007 and UNI EN ISO 14001:2004. This management system has been adopted in all organizational and geographical areas and is certified (in accordance with the above standards) with a 100% coverage level.

The Integrated Management System aims to achieve the following objectives:

- > integrate occupational health and safety and environmental protection issues into our usual decision-making and management activities;
- > adopt technologies and practices that offer ongoing improvement in occupational health and safety conditions and internal and external environmental conditions;
- > take all necessary action to eliminate risks to occupational health and safety that could lead to accidents or injuries to people, and to avoid or reduce pollution by

preventing accidents, monitoring materials used, waste generated and compliance with established operating procedures;

- > develop, through adequate information and training programs, the skills of the employees who perform different activities, under normal conditions and in situations of danger or emergency, in order to raise awareness concerning their role and their potential, as regards both the prevention of risks in the field of health and safety, and the achievement of environmental performance objectives and results;
- > promote and support an open dialogue with residents, organizations and local governments on the impact of the Group's activities on communities and the environment in order to encourage protection and enhance-

ment programs aimed at improving internal and external health and safety.

The Health, Safety, Environment & Quality (HSEQ) Function operates through a parent company-level department that establishes guidelines, policies and procedures and that centrally coordinates activities, and through geographically-based HSEQ units to implement programs and initiatives and to monitor performance within the entire range of activities.

More specifically, the efforts of the Health, Safety, Environment & Quality Function focus on 10 three-year objectives, which are updated annually and which were set in 2012 with the help of the various countries and in line with the goals of the Enel Group.

The 10 objectives are as follows.

Objective	Line of action
1. Application and maintenance of an Integrated Health, Safety & Environment management system	<ul style="list-style-type: none"> <li>• Maintenance of ISO 14001:2004 and OSHAS 18001:2007 certification</li> <li>• Extension of certifications to new projects</li> </ul>
2. Optimal integration of plants in the environment and protection of biodiversity	<ul style="list-style-type: none"> <li>• Initiatives in protected areas</li> <li>• Campaigns/monitoring</li> <li>• Mitigating visual impact</li> </ul>
3. Reduction of environmental impact using best available techniques (BAT)	<ul style="list-style-type: none"> <li>• Environmental impact assessment when building or significantly altering a plant</li> <li>• Promoting the use of non-polluting substances</li> <li>• Asbestos and PCB surveying to assess the need for removal or reclamation</li> </ul>
4. Low-emission power generation - Leadership in renewables	<ul style="list-style-type: none"> <li>• Control and monitoring systems</li> <li>• Expanding the generation of renewable energy</li> </ul>
5. Efficient use of water resources and of raw materials	<ul style="list-style-type: none"> <li>• Monitoring the consumption of raw materials</li> <li>• Plant efficiency (using better performing components and/or processes, reducing consumption for auxiliary services)</li> </ul>
6. Optimal management of waste water and other waste	<ul style="list-style-type: none"> <li>• More efficient water management</li> <li>• In-house recycling of water for industrial use</li> <li>• Protection, monitoring and reclamation of the quality of surface water, soil and subsoil in the areas surrounding the plants and work sites</li> <li>• Reduction in the production of waste</li> <li>• Increasing the percentage of waste recovered</li> <li>• Selection and qualification of waste-management providers</li> <li>• Use of information systems for waste tracking</li> </ul>
7. Internal and external communication	<ul style="list-style-type: none"> <li>• External: communication with analysts; publication of Health, Safety and Environment content in the consolidated annual report; web site; environmental reports for the EMAS-registered sites; participation in sustainability indexes</li> <li>• In-house involvement</li> </ul>
8. Training and awareness	<ul style="list-style-type: none"> <li>• Training programs and initiatives</li> </ul>
9. Contractors	<ul style="list-style-type: none"> <li>• Use of qualification parameters to select contractors based on safety and environmental performance</li> <li>• Awareness efforts</li> <li>• Organizational and procedural actions</li> </ul>
10. Safety	<ul style="list-style-type: none"> <li>• Accident prevention</li> <li>• Plant improvements</li> <li>• Procedural changes</li> </ul>



# Occupational health and safety



In 2014, total health and safety expenditure amounted to €59.1 million, equal to €16,436 per employee.

No serious or fatal injuries occurred during the year involving Enel Green Power personnel, although there were 2 serious injuries<sup>(13)</sup> to employees of contractors.

Given this situation, achievement of the goal of zero injuries, which Enel Green Power shares with the rest of the Enel Group, remains a priority. Therefore, again in 2015, risk assessment, prevention and monitoring remain of primary importance for the Group, as do programs aimed at heightening the awareness of Group and contractor employees.

## Assessment, management and verification

The local Health, Safety, Environment & Quality units assess the safety and health risks to the employees of each plant and area of activity by studying and evaluating the dangers

that could arise and the potential impact on both infrastructures and people (including suppliers, contractors and visitors).

The analysis of these risks will then make it possible to identify preventive measures, to determine the personal and other protective equipment to use, to set action priorities, and to plan the measures needed in order to improve safety over time.

An important development in the area of prevention was the 2014 launch of the **Design to Safety project**, the purpose of which is to improve safety levels when building and operating plants beginning with the design of the structural characteristics of the construction site and of the plant itself. The active involvement and participation of the Health, Safety, Environment & Quality function during this engineering stage ensures that plant design takes account of safety needs, while the sharing of lessons learned at construction sites and existing plants promotes the dissemination of a "culture of safety" among the project engineers.

In 2014, the project "Safety & Environment in Procurement"

(13) A "serious injury" is an injury for which the initial prognosis for recovery is greater than 30 calendar days of work lost.

was also launched. This project includes a questionnaire to assess the health, safety and environmental performance of contractors who have been invited to participate in tenders. Only organizations that demonstrate solid levels of performance are then admitted to the contract award phase (see also the section “Supplier management”).

In order to verify the performance of the Integrated Quality, Safety and Environmental Management System for the entire Enel Green Power Group and the appropriateness of the actions taken by the local units on specific matters, an internal audit plan is prepared on a three-year basis, with the involvement of all of the Group’s plants and production sites. The individual local units also prepare their own internal audit plans on an annual basis to meet their own specific needs.

## Sharing information and best practices

Reported accidents and related causes are constantly analyzed and studied. This process then helps to define preventive measures and to share best practices and other related information.

In order to synergistically share information and any common solutions among the various areas concerned, detailed reports describing the accidents and situations involving aspects that are critical to safety are distributed at all levels. This also involves the contractors and subcontractors operating on the work sites and at the plants. Periodic meetings are organized centrally and at the individual operating units to discuss the safety standards for the various types of activities and technologies as well as the best practices for the Enel Green Power and Enel Groups.

In 2014, in order to support the processes already under way, **a new HSE Knowledge Portal was launched in order to share documents, information and news at all levels and in all areas in which we have a presence.** This Knowledge Portal helps to disseminate reports as effectively as possible and enhances the dissemination of information and best practices, thereby strengthening potential synergies in adopting preventive measures and taking corrective action following the occurrence of events in the various areas.

In order to measure the efficacy of preventive measures, “leading”, or “upstream”, KPIs are defined, which reflect the preventive activity that is expected to reduce injury (e.g. number of “One Safety” observations during the period, “Personalized One Safety” improvement plans defined,

etc.), and “downstream” KPIs (e.g. number of near misses in a given period, injury frequency index, etc.), which measure the results achieved after the action has been taken, are also monitored.

## Training and awareness-raising

In line with the goal of achieving zero injuries, which we share with the Enel Group, Enel Green Power considers training to be an essential means of prevention and a tool in promoting a culture of safety at all levels.

Based on this principle, the Group plans and implements numerous awareness programs and initiatives each year, which target both our employees and those of our contractors in order to promote safe conduct across all of the organization’s activities.

In 2014 in particular, Enel Green Power’s commitment to the Enel Group’s **“One Safety” program continued. This program calls for a structured, systematic process of observing the on-the-job conduct of employees and contractors** by way of checklists for each type of technology **in order to reinforce proper conduct and correct dangerous conduct.** The constructive, rather than “punitive”, sharing of the results of these observations and the reasons for them with employees and contractors is one of this program’s strengths, and over the years it has created a climate of collaboration and promoted awareness, at all levels of the organization, of work-related risks and how to prevent them.

Further developments of the “One Safety” project at the various production and construction sites include the projects “Personalized One Safety”, which includes the organization of periodic workshops at which a high-impact video and structured, guided discussion lead to the definition of shared action plans, and “One Safety Contractor”, which involved the contractors in the process of observing the on-the-job conduct of their own employees.

The programs “in the field” are supported by the training programs of the Safety Academy, dedicated to members of the Safety professional family, which seek to disseminate technical, motivational and communication skills and to increase awareness of the individual traits that can influence conduct, thereby developing a proactive approach and authoritative respect for the role they fill.

For newly hired talent, training programs and other specific activities are organized depending on the function to which

they belong. For new hires to the technical and operational functions, there is the program "Six Months in Safety", a safety training program for their first six months of employment accompanied by periodic coaching by prevention and protection personnel, whereas for staff functions there is the analogous "Involve Yourself in Safety" initiative.

Finally, particular emphasis in 2014 was placed on training regarding emerging risks, such as safe driving (through on-track driving courses), work-related stress (through customized training programs for managers, supervisors and employees), and the issue of "Health in Hazardous Countries" through training sessions dedicated to frequent travelers.

## Culture of safety at all levels

In order to disseminate and share this culture of safety, not just among workers engaged in operational activities, but among all Group employees and all those who come into contact with Enel Green Power in whatever way, numerous internal and external initiatives have been carried out to

share the goals and key messages about safety.

Each year, at the Group level, there is the International Health & Safety Week, when health and safety events are held throughout the world involving both employees and their families, as well as meetings with contractors and awareness initiatives at all levels. Safety is also at the fore during the annual Cascade meetings, which are designed to share strategic goals internally from the highest ranks of the company and cascading down to the various operating units. At these meetings, messages of safety and Group best practices are shared and disseminated.

For the operating units, periodic meetings are held in order to discuss and analyze health and safety performance and trends with the goal of achieving constant improvement. The Safety Walks at Enel Green Power facilities, which involve managers at various levels of the organization, help to strengthen management's commitment to promoting the culture of safety through individual oversight and by monitoring the conduct of employees and the condition of plant and equipment.

Finally, regular meetings are held with workers' representatives and union officials to share views both on general topics and on Health and Safety practices.

## Environment

### Environmental management along the value chain

Environmental impact assessments, determining the significance of that impact, and establishing the prevention/mitigation measures to be adopted is all done for each local unit and is – in line with the company's Health, Safety & Environment Policy – based on distinct actions throughout all stages of plant development, construction and operation.

The possible effects of future plants on the environment in developing new infrastructure projects are determined by way of Environmental Impact Assessments (EIAs), as required in the context of authorization processes. These EIAs are carried out in accordance with the laws of the various countries involved. These studies make it possible to identify

and implement mitigation measures right from the design phase and/or to assess compensation measures in time and in collaboration with the local authorities.

In 2014, an interfunctional working group, entitled Design to Environment & Environmental Plan for Construction, was also launched. The purpose of this working group is to ensure application of environmental protection measures during the phases of project development and permitting. The project called for the preparation of summary templates that systematically present all of the environmental requirements resulting from the authorizations obtained, from any bilateral agreements signed, from applicable laws and regulations, and from company policy in order to provide the project engineers and builders a structured, exhaustive reference of all requirements of environmental compliance for construction. The structured collection of this information was applied to 6 pilot projects with different types of

technology, which included, in the design instructions, descriptions of the significant environmental aspects related to construction of the various types of plant.

Additional prevention measures are identified by way of actions of a strategic nature, such as the green-procurement requirements for certain product groups, the environmental selection criteria of tenders, the environmental standards set by Enel Green Power and added to agreements with contractors (see also the section “Supplier management”), and the local supply chain decisions that characterize biomass power generation. In the latter of these, Enel Green Power plans the provisioning of raw materials in a manner that minimizes environmental impact due to transport while also ensuring that local suppliers have access to a new source of stable revenue over time.

During the construction phase, which is the stage that has the greatest impact on the environment, Enel Green Power is committed to identifying a greatest number of possible actions for preventing and softening the impact of the construction sites, including by cooperating with the contractors who work at the sites. For this reason, the Group has prepared an environmental impact prevention and mitigation plan, which establishes measures for protecting the environment regarding things such as atmospheric emissions, waste, discharge, and noise pollution, and which sets clear management criteria for contractors. The Plan’s objective is to establish mechanisms for monitoring and controlling environmental performance within construction sites through which improvement programs can be developed in partnership with suppliers and contractors, as well as training and

## The San Pellegrino sustainable construction site (Bergamo, Italy)

Built in the early 1900s, the San Pellegrino hydroelectric plant underwent extraordinary maintenance from February to August 2014. This maintenance also included various technological and environmental updates.

When carrying out this work, Enel Green Power experimented with an innovative, eco-compatible construction-site model for the first time in Italy. This involved a series of actions aimed at ensuring the sustainability of construction work, such as converting the machinery to use biodegradable lubricant and using eco-compatible paints, flooring and paving materials (from the local area) when refurbishing the buildings. The works also included containment of building lots, increasing the percentage of drainage surfaces for the grassy areas of the parking lot and particular emphasis on waste recycling.

Carbon dioxide emissions by vehicles, machinery and other equipment, which totaled over 180 metric tons of CO<sub>2</sub>, were also offset by way of CO<sub>2</sub> neutralization, which offsets these emissions through participation in clean development mechanisms (one of the “flexible mechanisms” for reducing emissions allowed under the Kyoto Protocol) in developing countries.

Restructuring was accompanied by work aimed at creating real value for the local community. One example of this approach is the agreement – signed with the town council – through which Enel Green Power has committed to granting the San Pellegrino Terme school district a 15.5 kWp photovoltaic plant for the generation of renewable energy, which is enough to meet the needs of the school and enables the school to use the money saved for social projects. The effective dissemination of information about the benefits of the works to the community was another cornerstone of the project. Finally, particular emphasis was placed on creating jobs, with over 28,800 hours of work being provided for 26 local firms.

awareness actions and more effective coordination mechanisms.

In 2014, within the scope of establishing operating mechanisms to support dissemination of the “Creating Shared Value” approach that characterizes the company’s model of sustainability, we also developed a model for the “sustainable construction site”, which included the preparation of a catalogue of actions aimed at reducing and mitigating the environmental impact of construction sites with a view to enhancing environmental efficiency, while minimizing the impact and maximizing the positive effects of the construction site on the environment.

The catalogue, which was inspired by the UNI 1277 standard for sustainability in construction, includes measures for protecting the environment, making a rational use of resources, and safeguarding the health and wellbeing of the people concerned, specifically for each of the three stages of the lifecycle of a construction site (i.e. off-site production, production and operational). The related actions include the use of safe materials, the maximization of recycling, the reduction of pollutants, the protection and development of biodiversity, reduction of the impact on the landscape, the recovery of water, paper and wood, noise protection, and recreational activities for the community. After an initial pilot run at the San Pellegrino hydroelectric plant (Bergamo, Italy), the project is now live at 3 construction sites, 2 of which in Italy and 1 in Mexico (see the section “The San Pellegrino sustainable construction site (Bergamo, Italy)”).

The attention paid to the management of environmental impact remains high, even during plant operation, through the Environmental Management System in place in all the Group’s sites. In this area, improvement programs are developed in which specific actions for managing and mitigating all significant impacts, from containing and reducing atmospheric emissions to waste management, from protecting water resources to handling environmental emergencies, are identified.

One tool for identifying both opportunities for environmental improvement and priority actions is the Mapping of Environmental Compliance (MAPEC), which is used to map the primary areas of development in environmental governance and has been applied throughout Enel Green Power since 2013. This methodology makes it possible to identify, analyze and map out the potential risks associated with governing environmental issues in relation to the strategy,

reputation and financial resources of the Group and to the environment itself and entails:

- > assessment of the inherent risk, i.e. of the likelihood of a critical event and the related impact, assuming a lack of controls aimed at mitigating the risk itself;
- > assessment of the level of control, i.e. measuring the efficacy of the management and control efforts implemented specifically to manage or mitigate risk in the present;
- > calculation of residual risk, which is identified by applying a reduction to the inherent risk based on the level of control and is to be seen as a proxy for risk exposure.

In this way, the critical situations and opportunities for improvement in line with company strategy are evaluated.

## Significant environmental impacts

The most significant environmental effects of Enel Green Power’s activities vary based upon the type of plant and the technology used:

- > wind plants alter the landscape, creating a visual impact, and could interfere with the flight paths of birds;
- > hydroelectric plants, which draw water from rivers or lakes, sometimes over a distance of many kilometers, cause changes in the flow of water that can affect fish in those waters;
- > in addition to altering the landscape, the most significant environmental impact of geothermal plants involves the emission of air-borne pollutants, odors and noise;
- > the use of photovoltaic panels does not carry any risk or have an impact on health and the environment. The only factor that could be considered significant is their impact on the landscape and their utilization of land that could be put to other uses;
- > the environmental impact of biomass plants is mainly connected with emissions and procurement.

To these specific effects, we can also add more general impacts, such as energy consumption, the production of waste, water consumption, and noise pollution caused by the power generators within the plants. For each of these effects, Enel Green Power has prevention strategies and projects, as well as dedicated efforts to mitigate their impact.

Energy consumption is – across all of the various technologies – related to powering the generators that are used to



produce the energy distributed on the market. The strategy for reducing energy consumption includes investment to increase the efficiency of activities ranging from production to distribution through plant modernization, projects to optimize maintenance, and actions to increase process efficiency in order to maximize operating efficiency.

Enel Green Power also promotes projects to save energy in buildings and other specific initiatives involving employees. Examples include, at the Group level, the adoption of a travel management policy aimed at reducing travel through a greater use of telecommuting and teleconferencing and, in countries such as Italy, Brazil and Guatemala, specific measures concerning the replacement of traditional light bulbs with LED bulbs in offices, experimental car-sharing services, and awareness programs for employees regarding responsible energy consumption.

The production of waste is mainly connected with ordinary and extraordinary plant maintenance and with construction. Enel Green Power's efforts in this regard focus on reducing waste, properly managing depots, separating hazardous and non-hazardous waste, and setting up specifically equipped areas chosen, in part, based on their low visual impact. Preventive measures have also been taken to avoid spills, the dispersion of particulates, and the emission of toxic fumes in order to maximize the percentage of waste that is recovered.

Enel Green Power is also committed to controlling the entire waste management process, including third parties, in order to ensure traceability. In Italy, Enel Green Power has signed an agreement with Green Nebula, a provider of cloud services to manage waste recovery and treatment permits, in order to monitor the permits of all providers. Waste management is one of the aspects that is also constantly monitored through internal and external audits and on-site inspections.

In the area of noise pollution, which is particularly significant with wind farms and hydroelectric plants, the proper siting of plants far from inhabited areas helps to contain the impact of noise on the community. Any actions to mitigate noise pollution begin, when necessary, with an in-depth analysis of the current situation by way of specific phonometric readings followed by noise-reduction proposals and forecasts of the results of the measures proposed.

In terms of emissions, Enel Green Power both constantly monitors laws and regulations regarding greenhouse gases and, in 2014, participated in the voluntary emission-reduc-

tion market, while also implementing specific monitoring and mitigation mechanisms depending on the type of emission and type of plant concerned, as follows:

- > nearly all of the Group's CO<sub>2</sub> emissions come from biomass, geothermal and cogeneration plants, with the exception of the emissions related to geothermal drilling, to the power generators installed, and to facility management and general plant services;
- > biomass plants also produce solid waste, such as particulate matter and unburned hydrocarbons. Particulate emissions are generally the most significant, whereas the levels of other pollutants depend on the type of fuel used, the type of plant, and the manner in which the biomass is burned;
- > at geothermal plants, hydrogen sulfide (H<sub>2</sub>S) emissions are also the target of specific measures due to their unpleasant, although non-toxic, odor, as is mercury (Hg) due to its high degree of mobility. In this field, Enel Green Power has patented a reduction system named AMIS (*"Abbattimento Mercurio e Idrogeno Solforato"*, or Abatement of Mercury and Hydrogen Sulfide), which has been installed at 28 of the 33 geothermal plants since 2003 and is expected to be installed at all geothermal plants by the end of 2015;
- > at all plants, Enel Green Power takes steps to minimize SF<sub>6</sub> emissions by installing "SF<sub>6</sub>-free" switches on high- and medium-voltage electrical equipment, as well as to reduce the emission of substances that are harmful to the ozone layer (e.g. chlorofluorocarbons, hydrochlorofluorocarbons, halons and methyl bromide).

Industrial water consumption is mainly related to biomass power generators, biogas cogenerators and, to a lesser extent, geothermal plants. Enel Green Power implements integrated water management strategies based on the efficient use of resources and water-quality preservation within processes, the treatment and minimization of waste water, careful monitoring for leaks, the responsible management of the capacity of waterways, and the integrated management of reservoirs by measuring water quality. Where necessary, corrective measures are taken to improve the physical and ecological condition of reservoirs in line with the specific needs of the territory in which the plant is located. The Group is also investing increasingly in reducing the consumption of water in production, particularly during the plant-design stage. In Italy, for example, a new biomass plant, "Finale Emilia", is being built which will feature air-



condensation systems in place of the wet cooling towers, which are the primary source of water consumption.

Also in Italy, Enel Green Power has also launched a project that calls for the application of a closed-loop, drilling-fluid treatment system that uses a centrifugal system of fluid filtration to recover water from the production process, which will also provide significant benefits in terms of energy savings and the reduction of the waste and emissions related to fluid transport (estimated at some 80 metric tons of CO<sub>2</sub> equivalent of emissions avoided).

Finally, **the protection of threatened species and the conservation of biodiversity are among the primary objectives of the Enel Group's environmental policy, which includes a Group Strategic Plan targeting the issue.** Particularly as concerns wind farms, photovoltaic and hydroelectric plants, biodiversity is among the fundamental evaluation and mitigation factors involved, and specifically:

- > for wind plants, special pre-development monitoring is performed on bird and bat populations, in order to assess the specific characteristics of the site and to evaluate the compatibility of the plant with the presence of protected species and/or migration routes. These observations, in the most sensitive areas, are carried out up through the plant operation phase;

- > for photovoltaic plants, the main prevention mechanism is proper siting of the plants, such as in degraded areas (e.g. abandoned quarries, exhausted landfills, contaminated sites, etc.);

- > at hydroelectric plants, Enel Green Power plans construction carefully and adopts specific monitoring and/or operational procedures. More specifically, where possible, we build underground intake and outflow channels and conduits (to protect animals on land and amphibians) and install protective structures over intake channels. The impact on biodiversity is also lessened by constructing fish ladders/lifts and by releasing minimum flow rates into the watercourse. When appropriate, plant construction is preceded by monitoring of water quality and an assessment of the ecological condition of the waterway.

In order to further enhance our efforts in terms of biodiversity, Enel Green Power promotes a great many projects in Italy and abroad aimed at supporting the conservation of ecosystems and natural habitats in the areas in which we operate, not only as an industrial entity, but also as an active member of the area's society, culture and environment (for more information, see [www.enelgreenpower.com/en-GB/sustainability/csv/environment/biodiversity/](http://www.enelgreenpower.com/en-GB/sustainability/csv/environment/biodiversity/)).

## Our people

### Organization

The structural organization of Enel Green Power is broken down as follows:

- > **line functions** (Business Development, Engineering & Construction and Operation & Maintenance), engaged in developing, building, operating and maintaining plants;
- > **Business Areas**, covering local markets, that develop and maintain relationships with stakeholders and institutions, thereby ensuring financial balance and handles activities related to power generation in the areas where they operate;
- > **Staff and Services functions**, for managing central governance processes and providing business support services.

In 2014, the organizational structure was re-examined in order to optimize the operation of the various functions,

taking account of their synergies, in light of the expansion in the scale of the Group, its diversity and its geographical complexity.

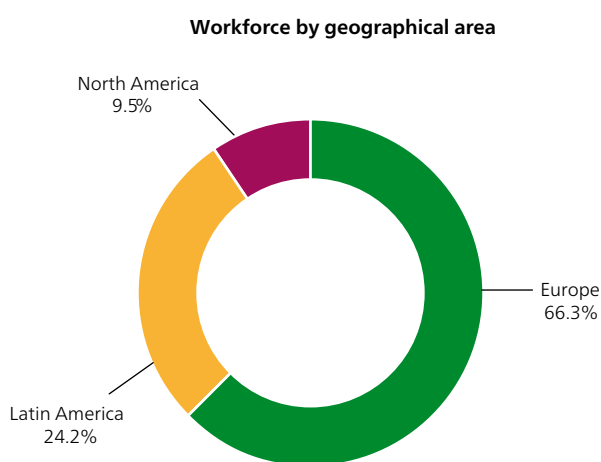
More specifically, the Risk Management function was absorbed into the Administration, Finance and Control function and those activities related to sustainability and innovation were consolidated within the new Innovation & Sustainability function, in an effort to maximize the integration of sustainable development of the value chain, promote the rational use of resources and to spread community involvement procedures that are consistent with the "Creating Shared Value" model.

Among the line departments, the Business Development function has been reorganized, with the creation of the areas "Africa and Middle East" and "Asia Pacific".

As to the Business Areas, the primary changes related to the redetermination of their scope. More specifically, the Europe Area has been established, incorporating the Iberia sub-area, which was split off from the Latin America Area (formerly the Iberian and Latin America Area).

In addition, a new country specific area was established for South Africa, which has been inserted into the Europe Area. The Group also completed the disposal of its assets in France at the end of the year.

As a result of these changes, the Group's workforce at December 31, 2014 totaled 3,609 employees, up 4.0% over 2013, of which 1,972 in Italy and 1,637 abroad.



Finally, the following professional families were reorganized in 2014 in order to achieve full integration between the central functions and the Business areas: Safety, Environment and Quality, Personnel and Organization, Operation & Maintenance and Business Development.

The changes described were supported by special organizational projects, such as the "Global Professional System", which, since 2012, works to create catalogues of the professional roles in order to define a shared language for managing and aligning hiring, assessment, training and movement processes within the Group.

During the year, Enel Green Power continued to pursue a "Transnational Organization" organizational strategy, which aims to identify organizational changes for supporting the business in achieving a greater organizational flexibility, consistent with the Group's multinational nature.

Within this altered context, **international mobility programs for employees continue to be of central importance to the Group.** After having established, in 2013, the criteria for the management of and the requirements for international

mobility and candidate selection, in 2014 the number of persons receiving long-term international assignments rose from 57 to 71.

## Development and training

In 2014 Enel Green Power reaffirmed its commitment to human resources development.

Significant emphasis was placed on recruitment and hiring, directed at not just assessing the technical-specialized skills of candidates, but also their personal traits and the potential impact of their hiring from the point of view of development and achieving the performance objectives of the various organizational areas.

The training of internal human resources is another key area of action. **In 2014, more than 153 thousand hours of training were provided, for a total of 42.6 training hours per employee. The initiatives were aimed at strengthening language and technical skills, developing hard and soft skills and on promoting Health and Safety awareness.** With regard to the latter, emphasis was placed on providing related training to newly hired employees, with the organization of programs such as "Involve Yourself in Safety", which introduced the topic of integrating Safety into business practices and had program participants draw up an action plan for those who work in an office setting.

In order to strengthen training on the particular skills required of managers and professionals, Enel Green Power designed and conducted numerous customized programs, starting with the needs of the staff functions, line functions and Business Areas. Examples include:

- > for the staff functions: the "Bridging the Gap" program targeted at Procurement function staff in all countries, aimed at improving the flow of communication and the integration of the activities of the various Areas;
- > for the Business Development function: the international "BD Planners empowerment: Bringing value from strategy to projects development" project, aimed at reinforcing the role and technical/managerial skills of Planners;
- > for the Engineering & Construction function: the international "Think to Plan" project to strengthen the planning and negotiation skills of Project Planners, the "Execution Culture" project aimed at the proliferation of Project Management tools, and the international "Team

Building E&C Wind Design” event aimed at clarifying the organizational situation, the goals and the development scenarios of the Wind Design unit;

- > for the Operation & Maintenance function: the international “Improving together!” workshop aimed at encouraging the sharing of the Global Vision of the Wind Operational Efficiency Unit and at providing Change Management models and tools, and the “Green Car” project aimed at the heads of Italian Territorial Units in order to promote the development of leadership and team management abilities;
- > for the Europe Area: the “EGP Europe: Creating a story of challenges and integration” initiative to strengthen collaboration between the Area’s employees and to encourage the integration of new countries.

Enel Green Power also ensures that its employees have the opportunity to receive training at the most delicate times of their professional lives, such as upon hiring and when changing positions. Examples of these programs are: the “Junior Enel Training” project for newly hired employees and the “Training for New Supervisors” course for employees who, for the first time, are assigned to manage other employees and which provides tools for strengthening team management skills.

Furthermore, in 2014, the evaluation systems received special attention. Indeed, a global instrument was adopted which compares the objective evaluation of the results achieved with respect to the objectives (Objective Performance Review - OPR) with the evaluation of alignment with the Company’s leadership model (Behavior Performance Review - BPR). Through this sub-process, individual supervisors evaluate their direct colleagues and are, in turn, evaluated through a comprehensive evaluation system. Around 115 persons have taken part in the program, which has had an impact on the various remuneration system for employees covered by a Management By Objectives system.

The year also saw the introduction of a development system targeting the pool of employees classified as of “high potential”. Participants were assigned mentors from among Enel Green Power managers, with the specific goal of encouraging the spread of a business culture that focuses on results, responsibility and change.

Various employee surveys were conducted in Latin America Area countries, specifically Brazil, Mexico and Chile. In Brazil, for example, a survey was carried out to measure employee perception of the quality of the working environment and human resource management processes, to arrive at an overall well-being indicator. Based upon the results ob-

tained, Enel Green Power Brazil was included in the list of the top 150 employers in Brazil. These surveys offered an opportunity to assess the effectiveness of internal policies and procedures and to answer the employees’ most important questions.

Finally, Enel Green Power dedicated a great deal of energy in 2014 to carrying out a number of gender diversity initiatives, such as, for example, “Balancing Motherhood”. The project, which is also being carried out in 2015, seeks to ease the return of new mothers to their positions within the Company, including by reformulating personal development plans with a view towards empowerment, encouraging colleagues to share their experiences and supporting the finding of a work-life balance.

## Industrial relations

In accordance with international conventions, domestic legislation and bilateral agreements signed by the Enel Group (such as the Global Framework Agreement signed in 2013), Enel Green Power recognizes the right of its employees to form or take part in trade unions to protect their interests, and to be represented by trade unions or other forms of representation. The Group also recognizes the right to collective bargaining, as provided by the legislation applicable in the countries in which it operates, and, in the event business decisions have an impact on personnel, such as organizational changes, divestments, acquisitions or disposals of assets, it timely informs the trade unions of these decisions in order to handle the effects of such changes on the employment relationships with the advance time required.

Based upon these principles, in 2014 Enel Green Power signed new collective bargaining agreements and/or renegotiated existing contracts in countries such as Mexico, Romania, Brazil and Italy, through agreements that frequently guaranteed workers better conditions than those required under the laws in force while, at the same time, promoted more effective ways of organizing labor and production.

Even in more complicated situations, such as the disposal of Enel Green Power France and the handling of staff turnover in Italy, the Group took an approach involving consultation and ongoing dialogue with trade union representatives and workers which led to responsible management of such situations.

The issue of combatting discrimination and respecting human rights, in line with the principles of the ILO Conventions, Enel Green Power does not tolerate any form of dis-

crimination based upon political affiliation, religious beliefs, race, ethnicity, language, linguistic, gender, age, or sexual orientation, nor any social discrimination or that based upon personal beliefs or membership in a trade union.

In addition, the Group is committed to not employing those younger than the minimum working age established by the laws of the locations in which the work is performed, and to not enter into or maintain relationships with suppliers who employ minors or that have been censured by international bodies.

## Supplier management

In conducting its business and in handling relationships with its suppliers, Enel Green Power complies with the principles expressed in the Code of Ethics, the Zero Tolerance of Corruption Plan, the Compliance Model and the Human Rights Policy. **The Group provides specific information on the principles and internal rules that govern corporate conduct and ensure that its suppliers be motivated by the same values in managing their activities and relationships with their own partners. In addition, specific sustainability criteria are applied during the supplier qualification process, in making procurement decisions, in inserting clauses in contracts and in assessing supplier conduct.**

The qualification system makes it possible to carefully evaluate companies seeking to participate in procurement procedures based upon the submission of a series of documents (self-certification of meeting the general requirements, financial statements, certifications, etc.) and compliance with the principles expressed in the Code of Ethics, the Human Rights Policy, the Zero Tolerance of Corruption Plan and the Compliance Model, specifically referencing the absence of any potential conflict of interest.

Respect for the environment and protection of worker health and safety are also important requirements in the qualification process. Specifically, one of the requirements for qualification in merchandise categories that have an impact on the environment is that the supplier has implemented an environmental management system that conforms to ISO 14001. This requirement will be gradually extended to all major sectors.

As to procurement via tender, Enel Green Power has introduced a method for evaluating the performance of contractors with regard to Safety and Environment issues based upon the administration, during the preliminary phase, of

Of particular importance in this area is **the Ombudsman Program – implemented in Brazil and in the process of being implemented in Uruguay – the goal of which is to provide all employees of the contractors in those countries with the opportunity to report any problems with their employer or regarding respect for their dignity.** With the design phase now complete, attention has turned to crafting a communication plan in order to effectively implement the program.

a questionnaire that focuses on management skills and on the companies' historical accident rates, with subsequent, more thorough interviews and verification of the information reported ("Safety & Environment in Procurement" project). Suppliers are chosen to take part in the subsequent phases of the tender based upon the responses given. Companies that fail to demonstrate that they sufficiently meet the requirements are excluded. Furthermore, again during the preliminary phase, an "HSE Requirements", containing Enel Green Power's requirements and guidelines concerning health, safety and environmental matters are sent and form an integral part of the contract and are to be complied with during all phases of construction. Suppliers and subcontractors use this information in preparing appropriate documentation, assessing the costs of health and safety measures, maintaining a safe and clean worksite and promoting best environmental management practices.

Finally, for all the merchandise categories of work to be contracted out, suppliers are evaluated with reference to the Security Index, which takes into consideration the organizational structure of the supplier responsible for ensuring compliance with the relative regulations and providing oversight.

With regard to procurement decisions, Enel Green Power has prepared a Green Procurement plan that establishes specific environmental requirements for merchandise categories, envisaging the procurement of products and services that are more environmentally conscious than others used for the same purpose. This attention to environmental protection is also reflected in the choices made before engaging in activities, for example, avoiding the use of photovoltaic panels containing toxic substances such as cadmium telluride, and after completion, for example, taking into ac-

count the dismantling of the photovoltaic panels as part of their processes. In 2014, green procurement and contracting accounted for over 45% of Group procurement in Italy. Contractual clauses are another key tool for promoting sustainability along the supply chain. The clauses applied include:

- > the "Global Compact" clause, which obligates the supplier to comply with the Principles of the Global Compact concerning respect for human rights, labor, environmental protection and combatting corruption, and it targeted at compliance of all its activities, carried out by its own personnel or by subcontractors;
- > Anti-Corruption Clause, which requires suppliers to acknowledge Enel's commitment to combatting corruption and its obligation to not make any promise, offer or demand for illegal payment in performing the contract in the interest of Enel and/or for the benefit of its employees, upon penalty of termination of the contract and of claim for compensation by the Group;
- > contractual clauses concerning respect for human rights that are to be included in all supply, tender and service contracts. These clauses prohibit the use of child and forced labor, provide for the freedom to form a union and of association, forbid discrimination and call for respect of safety obligations and environmental protection by the supplier;
- > for contracts signed in Italy, reference is made to the Anti-Mafia Tender Protocol, which requires the supplier to comply with the provisions of the framework Protocol signed by Enel with the Italian Ministry of the Interior against the infiltration of criminal organizations and for the protection of lawful conduct;

- > contract clauses concerning worker health and safety that impose "sanctions for violation of occupational health and safety regulations". In the event the contractor fails to comply with occupational health and safety requirements, the Enel Group has the right to impose a penalty based upon the severity of the violation after first notifying the contractor of such. If the non-compliance results in a workplace injury or any harm to a person, the Enel Group reserves the right, at its sole discretion, to apply more restrictive sanctions.

In order to verify whether suppliers and contractors are in compliance with specific ethical and social requirements, the Group reserves the right to perform inspections of their productive sites and offices, as well as of the plants at which they perform their work/provide their service. These inspections are performed by the Line Functions with the support of the Audit Function.

In addition Enel Green Power uses a system for assessing supplier performance and the quality of the products purchases (Vendor Rating), which is used for all companies with which it does business in certain merchandise categories. The system assigns an overall rating of supplier performance based upon the quality of the product/service/work supplied and the delivery procedures over a specified time horizon. The quality of the products/works/services supplied, the accuracy, health and safety factors and precision during the pre-contractual and executive phase, with emphasis on measures adopted to prevent corruption and human rights violations, are assessed in calculating the indicator value.

# Responsible relations with the community

In its relations with the community, Enel Green Power seeks to build long-lasting relationships characterized by transparency and the creation of tangible benefits for local communities and the Company itself, with the aim of creating shared value.

Therefore, in all the companies in which Enel Green Power operates, ongoing dialogue with stakeholders is a key pillar of our business growth and development strategy. By listening to the stakeholders of each project or site, the Group identifies local needs to determine concrete measures to both anticipate and resolve potential conflicts and to contribute to the long-term socio-economic development of the community and to conserve natural resources, through initiatives modeled on the needs and potential of the territory.

Examples of this approach are programs such “EGP listens to you” in Mexico – local committees (in which the company, local institutions and the community participate) conduct interviews and surveys in the territory to gather requests and proposals from which to select the projects to be car-

ried out in the area – the 20-year cooperation plan signed in Guatemala with the communities surrounding the Palo Viejo plant, and the working groups formed in Costa Rica to identify and prepare joint development plans that will be monitored by the community when implemented. Further examples are the engagement plan for the area surrounding the Karistos wind farm in Greece, which envisages the creation of a survey and a number of interviews designed to gather information on residents’ opinions about investing in wind power, their expectations of the Group and their social, economic, education and environmental needs. Another is the “Mobile Ombudsman” project in Brazil, which provides a channel for communicating with Enel Green Power to isolated communities located near the sites.

Careful attention is also given to respecting and protecting the rights of indigenous peoples who live in areas affected by Group projects and activities, with whom a process of consultation is initiated in line with the highest international standards, such as Convention 169 of the International Labor Organization.

## Creating Shared Value in South Africa

Enel Green Power’s entry into the South African market in 2013 represented an important area for application of Creating Shared Value from the outset. South Africa is, in fact, a “mature” country based upon the sustainability aspects of its tender processes, particularly with regard to social inclusion, empowerment and the creation of opportunities for the population.

Enel Green Power applies its Creating Shared Value model starting with an analysis of the social, economic and environmental situation, first at the national level, then at the regional and local levels. The overlap between those issues deemed of greatest importance for the territory and those that have the greatest effect on the Group’s strategies made it possible to identify the areas on which to focus efforts that benefit the communities affected by the projects. This analysis allowed the team to identify projects and actions that would truly benefit the communities consistent with the Group’s objectives in the area.







Identifying priorities for the territory, beginning with listening to and analyzing needs, is also reinforced by special work instruments, defined under the Creating Shared Value business model. In Greece, for example, in conjunction with the preparation of the Creating Shared Value plan for the Kafireas plant, the Group performed a materiality analysis at the local level to identify the most important issues for the stakeholders and for Enel Green Power, thereby guiding actions in those areas. In Spain, Portugal, Chile, Peru and Colombia, by contrast, studies were conducted with specialized local institutes to draw attention to and monitor the main socio-economic needs of the territory.

Non-governmental organizations, foundations, companies, workers and managers rooted in the territory also play an important role in the process of analyzing needs, building relationships with communities and managing and monitoring projects. These actors, who know the territory well, are able to quickly serve as credible and reliable partners and therefore are indispensable intermediaries in building a positive dialogue with communities.

Finally, properly implementing periodic plans, monitoring actions carried out and the adapting ongoing projects in correspondence to the natural evolution of community needs are priorities in all countries in which Enel Green Power operates.

## Main projects and initiatives

Enel Green Power designs, implements and monitors initiatives in the fields of access to energy, local development and community support, focusing on systematic intervention in these areas by providing new tools for action to the affected populations and thereby facilitating lasting changes. Overall in 2014, Enel Green Power allocated more than €4.5 million to projects and initiatives aimed at reference communities, most of which involved medium/long-term development programs.

This approach has mainly led to the implementation of a broad range of projects in fields related to the company's core business, such as access to energy. For example, the partnership with the Barefoot College NGO in India, which falls under the umbrella of the broader Enel Group Ena-

bling Electricity program is one example of the creation of measurable development that has continued since 2012. Overall the project has involved 39 semi-literate women from poor, remote villages without access to electricity in Peru, Chile, Guatemala, Mexico, Colombia, El Salvador, Brazil, Ecuador and Panama. These women spend six months in northern India at the Barefoot College to learn how to install and maintain small photovoltaic systems and thereby become solar technicians once they return home, bringing with them (thanks to photovoltaic kits provided by Enel Green Power), light, development and work to their home territories. Since it began in 2012, the project has targeted 41 communities with the cooperation of 10 local NGOs, impacting more than 19,000 persons who have benefited from the electrification work promoted by the project.

Also in the area of access to energy, in 2014 Enel Green Power developed a new hybrid power plant (photovoltaic, mini wind power and co-generation) that will provide residents of the isolated community of Ollagüe (Chile) with non-stop, clean electricity. The project, carried out in partnership with the University of Chile and with the support of the local government, envisaged the introduction of a variety of innovative solutions to meet the structural restrictions imposed due to altitude (the town is located at 3,600 meters above sea level) and strong temperature changes. Once completed, the ownership of the plant will be transferred to the municipality of Ollagüe. Two of the solar engineers trained through the Barefoot College project will be responsible for basic maintenance, while Enel Green Power will oversee enhancement of performance and will experiment with new solutions that integrate other renewable technologies and energy storage.

Enel Green Power, also promotes, often in collaboration with local NGOs, and supports socio-economic development in the countries in which it operates through specific projects designed on the basis of the potential and the specific characteristics of the territory, relating to issues such as creating jobs, promoting entrepreneurship, teaching skills to the population and developing infrastructure.

Examples of this are the *"Una Mano Para la Vida"* program in Mexico, aimed at promoting, including through the launch of a dedicated website, the work of local artisans who utilize scrap materials from a number of products local to the San Luis Potosí area (specifically, cactus, agave

and escamoles<sup>(14)</sup>), and to project in Chile to promote the agricultural development of seven indigenous Mapuche communities residing near the Pullinque hydroelectric plant, a project launched in 2008 in partnership with the NGO Agraria.

The Group's approach to economic development and the promotion of entrepreneurship in the territory can also be seen in the reorganization of the local fishing economy in the San Juan de Marcona area (Nazca, Peru), where training programs on safety and first aid while engaged in fishing are being conducted out and new technologies are being installed along the algae fishing production chain and capacity building programs for their management are being carried out. The performance indicators of activities already performed are being monitored in order to determine the value generated for the society, using the Social Return on Investment as the benchmark index. Activity being monitored relates to the safety courses for traditional free diving fishing, the benefits of which are measured not just with regard to the decrease in permanent disabilities or deaths avoided, but also to the value generated by those fisherman training providing first aid to the population.

Another important example is the collection of initiatives planned for the area around Apiacás, the hydroelectric plant being built in the Mato Grosso region of Brazil. These initiatives include the construction of a plant nursery for the conservation and recovery of the local ecosystem, the recycling of wood from deforestation works carried out to build structures to service the community, literacy and professional training courses to expand employment opportunities, and special training for government employees concerning funding management and infrastructure development. These initiatives were identified through a systematic analysis of community needs, on the one hand, and the assessment of the direct benefits to the project, on the other. For example, the construction of the plant nursery will benefit the community by serving as a seed bank for native plants that can be used to maintain the ecosystem of the Amazon, and at the same time will make it possible to grow seedlings from these seeds that will be ready to be planted once construction is complete and can therefore be used to re-forest the area, offering the company direct control over their quality and the impacts of the process.

Finally, in northern Chile, near the Valle de los Vientos wind farm, a program has been developed to reutilize the pallets

used to package plant components, that would otherwise have been disposed of as waste, to build an exhibition hall at the Desert Interpretation Center. In addition, three residents of Toconce, a village located near the plant, will undergo two months of training eco-carpentry. In doing this, we will reduce the amount of waste produced during construction while teaching professional skills that can be applied in other contexts.

In the field of community support, Enel Green Power is engaged in a variety of programs to promote education, hold families in difficulty and support social, cultural and recreational initiatives in the territory. In addition to a number of different scholarship programs in countries such as Chile, Guatemala, Costa Rica and Panama, the most important of these projects include the "E2@MIT" program, a partnership between Enel Green Power North America and the Massachusetts Institute of Technology to organize a summer school for high school students on renewable energy topics, and the "Ubuntu" project in South Africa, which promotes education through ongoing support for children by paying for school-related costs and in the areas of healthcare and help to families.

Furthermore, numerous initiatives are aimed at fostering the culture of renewable energy, energy efficiency and energy knowledge. For example, each year in different countries the "Play Energy" project is conducted. It is a competition, sponsored by the Enel Group and targeted at primary and secondary schools, that invites students, families and teachers to embark upon an educational and fun journey into exploring energy-related issues, through classroom learning, guided visits of plants, quizzes and themed activities. Another program, aimed at the children of Group employees, is the "We are Energy", contest, designed to teach children about energy, resources and sustainability. In 2014, 274 kids from 16 countries took part in the program.

In addition, each year Enel Green Power offers guided visits of its plants through initiatives such as "Open Plants" and "Nature and Territory". The goal of these programs is to raise awareness about how different technologies work. In 2014, more than 255,000 visitors took part.

Finally, the Group promotes a variety of initiatives in support of scientific research, cultural programs and efforts to enhance the territory. Examples include the "Tracking glaciers" project – a multidisciplinary study of the effects of climate change on glaciers, conducted via expeditions to the major

(14) Ant larvae represent an important food source in the country.

glaciers of Alaska, the Caucasus and Karakorum and using photo comparison –, and the cultural program “The Hidden Treasures of Rome” for the study, preservation and enhancement of artistic treasures held by the Capitoline Museums (in partnership with several American universities). Enel Green

Power is also working with a number of Italian universities in contributing to their master’s programs on issues such as reporting, sustainability and creating shared value and supports university studies in undertaking energy-related studies in preparing their theses.

# Main projects in 2014



## SUPPORT FOR THE COMMUNITY

### Educational

Need-based scholarships to eligible students to help them continue their primary, secondary or university education

Costa Rica | Guatemala | Panama | Chile

Safe driving campaign

Brazil

Partnership with the municipality of Torres Vedras to produce 6 videos on energy efficiency

Portugal

Open plants: guided tours of Enel Green Power's plants

Portugal | Italy | France

E2@MIT: a partnership with MIT (Boston) to organize a summer school for high school students on renewable energy issues

USA

Organization of seminars on climate change for schools in the Doñana area in partnership with the Doñana 21 Foundation

Spain

Organization of school trips to Group plants

Spain

Educational projects on renewable energy issues at various Enel Green Power sites

Brazil

Program to promote proper nutrition in schools

Costa Rica

PlayEnergy: a competition targeted at primary and secondary schools, that invites students, families and teachers to embark upon a fun educational journey into energy-related issues

Italy | Greece | Brazil | Chile | Panama  
Guatemala | Costa Rica

Say No to bullying!: a school program for children focusing on the problem of bullying

Costa Rica | Guatemala | Panama

Ubuntu: a project that promotes education, healthcare and help to families

South Africa

We are Energy: a contest aimed at children of Group employees about energy, resources and sustainability

Italy | Greece | France | Spain  
Portugal | Bulgaria | Brazil | Uruguay  
Chile | El Salvador | Mexico | Panama  
Guatemala | Costa Rica | USA | Canada

### Cultural initiatives

The Hidden Treasures of Rome: partnership with several American universities for the study, preservation and enhancement of artistic treasures held by the Capitoline Museums

USA

Cultural treasure: in support of the "reisado" festival, a local traditional celebration

Brazil

### Support for families

Family Day: day for employees and their families to socialize at Group plants

Romania | Spain

Energoprogram: support for socially disadvantaged groups

Greece



### BIODIVERSITY

Improving the local environment, including by restoring local trails for observing local flora and fauna, integrated with Group plants

Spain | Italy

Smithsonian Agreement: partnership with the Smithsonian Institute for scientific research into tropical flora and fauna in the Fortuna reserve

Panama

Tracking glaciers: a multidisciplinary study of the effects of climate change on the Earth's major glaciers

Italy

Support for study of the brown bears of the Castilla y León region conducted by the Oso Pardo Foundation

Spain



## SOCIO-ECONOMIC DEVELOPMENT OF COMMUNITIES

### Support for entrepreneurship in the community

Activities aimed at encouraging the use of local suppliers for plant maintenance, including through tenders  
Romania

A set of initiatives for the socio-economic development of the Apicás area, in the agricultural, environmental and education fields  
Brazil

Pullinque development program: program developed for 7 Mapuche communities surrounding the Pullinque plant, including an agricultural development and veterinary program and scholarships for local students  
Chile

Reorganization of the local fishing economy: training programs on safe fishing and support for the fishing production chain of San Juan de Marcona  
Peru

“Una mano para la vida”: a project to support and promote – including through a “virtual” online market – the work of local artisans who utilize scrap materials from a number of products local to the San Luis Potosí area  
Mexico

## Infrastructure development

A variety of renovation programs for schools located in the communities surrounding Enel Green Power’s hydroelectric plants  
Guatemala

Installation of photovoltaic panels and site providing information on renewable energy at the Birmingham Zoo (Alabama)  
USA

Construction of an aqueduct near the Chucás worksite  
Costa Rica

## Stimulating employment

Hydroponic garden: a program that offers single mothers part-time work in growing and selling hydroponic crops  
Costa Rica

Project in support of aquaculture in the community of Chiriquí, carried out with the help of a number of volunteers, including Group employees  
Panama

## Sharing expertise and developing the skill sets of local populations

Partnership with local schools to provide professional training, using the Group plants as sites at which training on renewable technologies  
Spain | Portugal

Mobile Ombudsman: provides an interactive channel for isolated communities located near the sites to communicate with and lodge any concerns with Enel Green Power  
Brazil

Ifarhu Cooperation Agreement: agreement with the Institute for Human Resource Training and Development (IFARHU) to provide scholarships to ethnic Chiriquí and Indian students from low-income families, with the goal of preparing them for employment with Enel Green Power

Panama

Eco-carpentry course on building furniture from pallets used to package components for the Valle de los Vientos plant

Chile

Vaccination and veterinary training program for 3 communities located in the Atacama desert

Chile



## ACCESS TO ELECTRICITY

### Promoting the development of technical skills in the energy sector

Development of an innovative hybrid system (wind and co-generation) to provide electricity to the isolated community of Ollagüe (3,600 meters above sea level)

Chile

Barefoot College: program for women from isolated communities that trains them to install and maintain small photovoltaic systems, simultaneously bringing electricity to rural locations, empowering women and developing their capabilities

Chile | Guatemala | Mexico | Panama | Peru  
Brazil | El Salvador | Ecuador | Colombia

Project to bring electricity to homes in the Gualaca community

Panama

# Overview of the Group's performance and financial position



## Definition of performance indicators

In accordance with Recommendation CESR/05-178b published on November 3, 2005, the criteria used to calculate these indicators are described below.

*Total revenue including commodity contracts measured at fair value:* calculated as the sum of "Revenue" and "Net income/(expense) from commodity contracts measured at fair value".

*Gross operating margin:* an operating performance indicator, calculated as "Operating income" plus "Depreciation, amortization and impairment losses", net of the capitalized portion.

*Net non-current assets:* calculated as the difference between "Non-current assets" and "Non-current liabilities" with the exception of:

- > "Deferred tax assets";
- > "Long-term financial receivables" reported under "Non-current financial assets";
- > "Long-term borrowings";
- > "Post-employment and other employee benefits";
- > "Provisions for risks and charges";
- > "Deferred tax liabilities".

*Net current assets:* calculated as the difference between "Current assets" and "Current liabilities" with the exception of:



- > "Securities" and other items of "Other financial receivables" reported under "Current financial assets";
- > "Cash and cash equivalents";
- > "Short-term borrowings" and "Current portion of long-term borrowings".

*Net assets held for sale:* calculated as the algebraic sum of "Assets held for sale" and "Liabilities held for sale".

*Net capital employed:* calculated as the algebraic sum of "Net non-current assets" and "Net current assets", provisions not considered previously, "Deferred tax assets", "Deferred tax liabilities" and "Net assets held for sale".

*Net financial debt:* a financial structure indicator, determined by "Long-term borrowings", the current portion of such borrowings, "Short-term borrowings", less "Cash and cash equivalents" and "Current financial assets" and "Non-current financial assets" not previously considered in other balance sheet indicators.

More generally, the net financial debt of the Enel Green Power Group is calculated in conformity with paragraph 127 of Recommendation CESR/05-054b implementing Regulation (EC) no. 809/2004 and in line with the CONSOB instructions of July 26, 2007, for the definition of the net financial position, deducting financial receivables and long-term securities.

## Definition of selected sustainability indicators

The sustainability indicators reported here are those considered of greatest relevance to monitoring the Group's performance with regard to the main areas of corporate ethics, environmental sustainability and social sustainability.

The following are the criteria used to construct the indicators based on estimates:

*CO<sub>2</sub> emissions avoided:* these are calculated by multiplying the electricity generated from each renewable resource by the specific average emissions of CO<sub>2</sub> produced by the fossil fuel thermal generation of the plants of the Enel Group in the various regions (in the absence of Group plants in a given area, the national average specific emissions drawn from the Enerdata database were used; [http://services.enerdata.](http://services.enerdata.eu)

[eu](http://services.enerdata.eu)). Total emissions avoided are calculated as the sum of the emissions avoided in each region.

*Workforce of contracting companies:* the figure is calculated on the basis of the hours worked by the employees of contractors in areas owned by Enel Green Power, which are converted into full-time equivalents using conversion factors based on average hours worked at the country level.

*Days worked by employees of contractors and subcontractors:* the figure is calculated on the basis of the hours by the employees of contractors in areas owned by Enel Green Power, which are converted into days on the basis of average daily working hours.

# Main changes in the scope of consolidation

The scope of consolidation changed between 2013 and 2014 as a result of the following main transactions.

## 2013

- > Acquisition, on March 22, 2013, of 100% of Parque Eólico Talinay Oriente, a Chilean wind power company;
- > acquisition, on March 26, 2013, of 50% of PowerCrop, a company operating in the biomass generation sector in Italy;
- > disposal, on April 8, 2013, of 51% of Buffalo Dunes Wind Project, a US wind power company;
- > acquisition, on May 22, 2013, through the exercise of the associated options, of an additional 26% of the US wind power companies Chisholm View LLC and Prairie Rose LLC, which had been accounted for using the equity method in consideration of the stake previously held (49%). Following the new acquisition, the companies are consolidated on a line-by-line basis;
- > disposal, on July 1, 2013, of Enel.si Srl, a wholly-owned subsidiary, to Enel Energia SpA. In view of the disposal, Enel.si was deconsolidated as from July 1, 2013, while the results achieved by the company up to the disposal date and the gain on the disposal were reported under discontinued operations;
- > acquisition, on November 8, 2013, of Origin Wind Energy LLC, the owner of a wind power development project in the United States;
- > acquisition, in December 2013, of 100% of 8 companies owning that number of wind development projects in the United States;
- > minor acquisitions in 2013 included a controlling stake in the French company La Vallier (already merged into Enel Green Power France), the Mexican company Dominica and the Italian company Enel Green Power Finale Emilia.

As from the 4th Quarter of 2013, in accordance with the provisions of IFRS 5 governing classification under assets and liabilities held for sale, the assets and liabilities of the Portuguese investees operating in the cogeneration sector and the value of the investment in the French company WP France 3 (sold in the 1st Quarter of 2014) were reclassified to the appropriate items of the balance sheet.

## 2014

- > Acquisition, on 12 May 2014, of an additional 26% of Buffalo Dunes Wind Project, which had been accounted for using the equity method in consideration of the stake previously held (49%). Following the new acquisition, the company is consolidated on a line-by-line basis;
- > acquisition, during the 2nd Quarter of 2014, of 100% of Aurora Distributed Solar, which develops solar plants in North America;
- > disposal, in the 1st Half of 2014, of a number of Portuguese companies operating in the cogeneration sector;
- > acquisition, on July 22, 2014, of Sharp's remaining interest in Enel Green Power & Sharp Solar Energy Srl (now Enel Green Power Solar Energy Srl - "EGP SE"), a joint venture previously accounted for using the equity method. As from that date, the company is now consolidated on a line-by-line basis;
- > acquisition, in the 2nd Half of 2014, of 50% of Osage Wind LLC, the owner of a 150-MW wind project. The company is held under joint control and is accounted for using the equity method;
- > acquisition, in the 4th Quarter of 2014, of 100% of 6 companies owners of 6 wind projects in the United States;
- > disposal, on December 12, 2014, of the entire holding in LaGeo (36.2%), a company accounted for using the equity method, to Inversiones Energéticas SA de Cv, the existing majority shareholder;
- > disposal, on December 18, 2014, of the wholly-owned subsidiary Enel Green Power France Sas to Boralex EnR Sas.

# Group performance

The following table reports the reclassified income statement for 2014, with comparative restated figures for 2013.

Millions of euro

	2014	2013 restated	Change
<b>Total revenue including commodity contracts measured at fair value</b>	<b>2,996</b>	<b>2,721</b>	<b>275</b>
Total costs	1,054	942	112
<b>GROSS OPERATING MARGIN</b>	<b>1,942</b>	<b>1,779</b>	<b>163</b>
Depreciation, amortization and impairment losses	921	679	242
<b>OPERATING INCOME</b>	<b>1,021</b>	<b>1,100</b>	<b>(79)</b>
Net financial income/(expense) from derivatives	(21)	(27)	6
Net other financial income/(expense)	(236)	(233)	(3)
Share of income/(losses) of equity investments accounted for using the equity method	(56)	21	(77)
<b>INCOME BEFORE TAXES</b>	<b>708</b>	<b>861</b>	<b>(153)</b>
Income taxes	264	324	(60)
Net income from continuing operations	444	537	(93)
Net income from discontinued operations <sup>(1)</sup>	(4)	61	(65)
<b>NET INCOME</b>	<b>440</b>	<b>598</b>	<b>(158)</b>
- Attributable to shareholders of the Parent Company	359	528	(169)
- Attributable to non-controlling interests	81	70	11

(1) The net income from discontinued operations pertains entirely to shareholders of the Parent Company.

## Revenue

Millions of euro

	2014	2013 restated	Change
Revenue from electricity sales	1,761	1,729	32
Revenue from green certificates	428	402	26
Revenue from other incentives	371	452	(81)
Net income/(expense) from commodity contracts measured at fair value	76	21	55
<b>Revenue from electricity sales including commodity contracts measured at fair value</b>	<b>2,636</b>	<b>2,604</b>	<b>32</b>
Other revenue and income	360	117	243
<b>Total revenue including commodity contracts measured at fair value</b>	<b>2,996</b>	<b>2,721</b>	<b>275</b>

**Total revenue including commodity contracts measured at fair value** amounted to €2,996 million, an increase of €275 million compared with 2013 restated (+10.1%), the combined effect of an increase in other revenue and income in the amount of €243 million (€360 million in 2014) and an increase of €32 million in revenue from electricity sales (€2,636 million in 2014), less exchange rate losses of €10 million.

Revenue from electricity sales rose, mainly due to the increase in revenue posted in Latin America (€137 million), largely in Brazil, Chile and Panama, and in North America

(€25 million). This was partly offset by a decline in revenue in Europe (€130 million). The contraction was concentrated in Italy, reflecting a decline in average sales revenues and an increase in electricity generated, and in Iberia, the result of the regulatory changes introduced with Royal Decree Law 9/2013.

*Revenue from green certificates* amounted to €428 million, an increase of €26 million compared with 2013 restated, entirely attributable to the Europe area, reflecting an increase in subsidized generation and the decline in Exchange prices in Italy, which led to a consequent increase in subsidies.

Revenue from other incentives amounted to €371 million, a decrease of €81 million compared with 2013, mainly attributable to Iberia (€96 million), the effect of the regulatory changes noted above, partly offset by the increase in revenue from tax partnerships in North America (€20 million).

Other revenue and income increased by €243 million, mainly due to the effects of the settlement agreement with INE (the

Salvadoran State energy company), which also involved the disposal of the interest in LaGeo (€123 million), the disposal of the holding in Enel Green Power France (€31 million) and the recognition of the indemnity under the agreement with Sharp on the off-take of the output of the 3SUN facility (€95 million), which we discussed in the section on "Significant events in 2014".

## Costs

Millions of euro

	2014	2013 restated	Change
Electricity	291	178	113
Personnel	256	242	14
Services and other materials	489	480	9
Other operating expenses	149	136	13
Capitalized costs	(131)	(94)	(37)
<b>Total</b>	<b>1,054</b>	<b>942</b>	<b>112</b>

**Costs** amounted to €1,054 million, an increase of €112 million compared with 2013 restated (+11.9%).

Costs for *electricity* increased by €113 million (+63.5%) on 2013 restated (€178 million), mainly due to an increase in the cost of electricity purchases in Latin America (€121 million) and Romania (€12 million), partly offset by a decline in costs for the purchase of fuels following the total decommissioning of cogeneration operations in Iberia (€28 million).

The increase in costs for electricity was mainly concentrated in Brazil (€102 million), owing to delays in the construction of the interconnector, in Chile (€12 million), in Romania (€12 million) and in Panama (€7 million) as a result of a deterioration in water conditions.

The increase in *personnel* costs (€14 million, +5.8%) was mainly connected with an increase in ordinary personnel costs in line with the rise in the average workforce.

The increase in *other operating expenses* (€13 million, +9.6%) is largely associated with the increase in provisions for risks and charges.

*Capitalized costs* amounted to €131 million, an increase of €37 million on the previous year (+39.4%), mainly attributable to the cost of employees involved in the design and construction of power plants, consistent with the increase in investment (+€382 million compared with 2013 restated).

The **gross operating margin** amounted to €1,942 million, an increase of €163 million (+9.2%) compared with 2013 restated, of which Europe accounted for €134 million and North America for €30 million.

The Europe area posted a gross operating margin of €1,464 million, an increase of €134 million compared with 2013 restated (€1,330 million), with an increase in other revenue (€269 million) and a reduction in costs (€6 million), partly offset by a decrease in revenue from electricity sales (€155 million).

The Latin America area registered a gross operating margin of €202 million, in line with the previous year (€203 million in 2013), taking account of exchange rate gains of €1 million.

The increase in revenue (€130 million) was offset by an increase in electricity costs (€121 million), mainly posted in Brazil, owing to delays in the construction of the interconnector (which were resolved in the 4th Quarter of the year), in Chile and in Panama.

The North America area posted a gross operating margin of €276 million, an increase of €30 million on the previous year (€246 million). The improvement is attributable to an increase in revenue and broadly unchanged costs, despite an increase in average installed capacity (+26%), thanks to improved operating efficiency.

## Other items of the income statement

**Depreciation, amortization and impairment losses** amounted to €921 million, an increase of €242 million on the previous year (+35.6%). The rise is mainly attributable to the impairment loss recognized in 2014 on the goodwill

and net assets of the Enel Green Power Hellas CGU (€181 million), as well as the start of depreciation of new installed capacity.

## Financial income/expense

Millions of euro

	2014	2013 restated	Change
Financial income from derivatives	7	6	1
Financial expense from derivatives	(28)	(33)	5
<b>Net financial income/(expense) from derivatives</b>	<b>(21)</b>	<b>(27)</b>	<b>6</b>
Other financial income	108	74	34
Other financial expense	(344)	(307)	(37)
<b>Net other financial income/(expense)</b>	<b>(236)</b>	<b>(233)</b>	<b>(3)</b>

**Net financial income/(expense) from derivatives** amounted to €21 million, down €6 million on the previous year (-22.2%), mainly due to a reduction in expense on trading derivatives used to hedge foreign exchange risk.

**Net other financial income/(expense)** amounted to €236 million, net of capitalized costs, an increase of €3 million on the previous year (+1.3%).

The **share of income/(losses) of equity investments accounted for using the equity method**, a net loss of €56 million, showed a deterioration €77 million on the previous year, reflecting the impairment losses recognized following the impairment tests in Greek associates (€89 million) and

a decline in the performance of a number of associates in Iberia (€9 million), partly offset by a reduction in the losses of the 3SUN joint venture in 2014 (€30 million).

**Income taxes** amounted to €264 million, a decrease of €60 million on the previous year (-18.5%). The decline, in line with developments in pre-tax income, reflects the reduction in the rate of the Robin Hood Tax in Italy (€23 million) and a number of non-recurring factors, such as the tax reform in Iberia and the ruling on the unconstitutionality of the Robin Hood Tax, which gave rise to an adjustment of deferred taxes with a positive impact of €48 million and a negative impact of €20 million, respectively, on profit or loss.



## Net income from discontinued operations - €(4) million

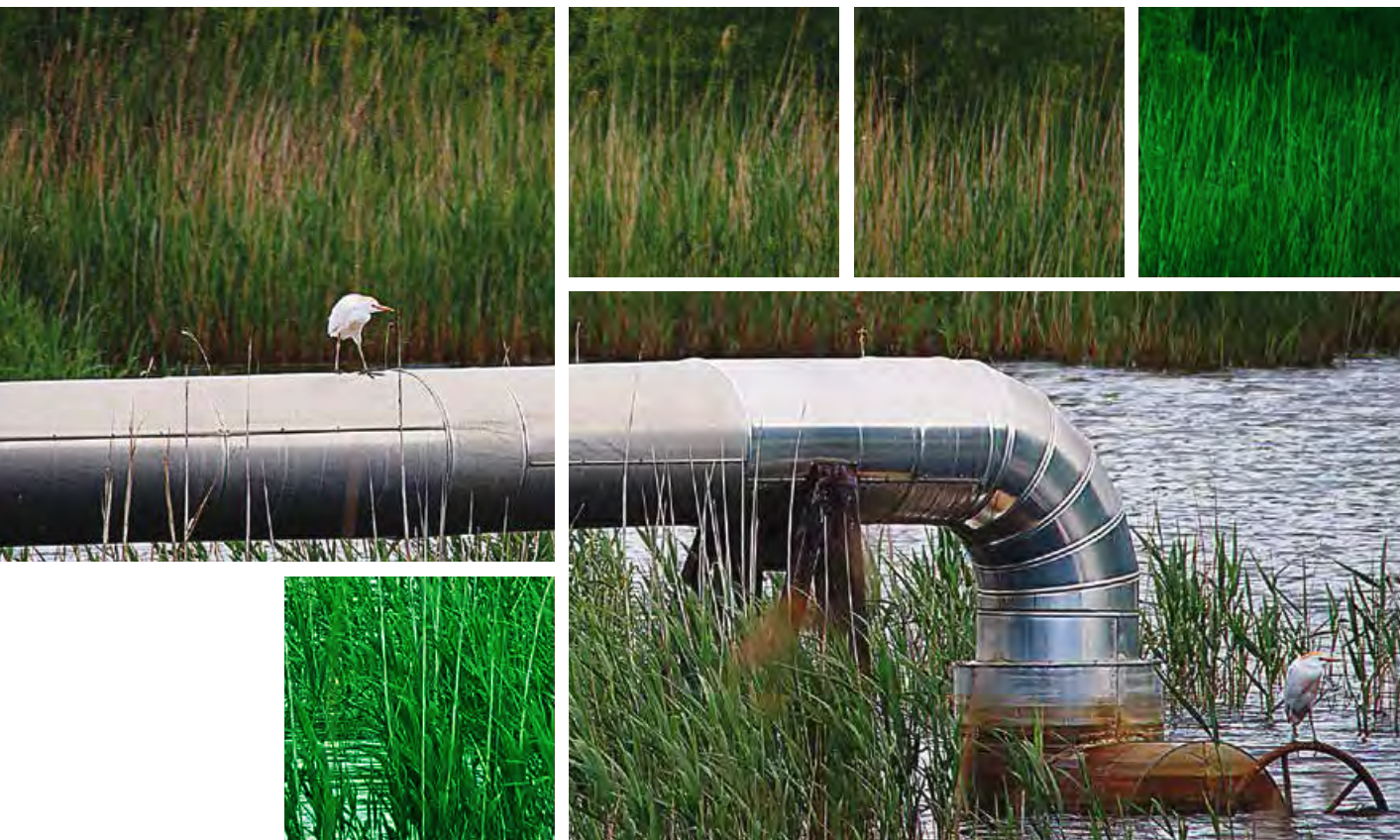
Millions of euro

	2014	2013 restated	Change
Total revenue including commodity contracts measured at fair value	-	70	(70)
Total costs	-	69	(69)
<b>GROSS OPERATING MARGIN</b>	<b>-</b>	<b>1</b>	<b>(1)</b>
Depreciation, amortization and impairment losses	-	8	(8)
<b>Operating income</b>	<b>-</b>	<b>(7)</b>	<b>7</b>
<b>Result for the period net of capital gains</b>	<b>-</b>	<b>(7)</b>	<b>7</b>
Capital gain/(loss) from disposal of assets	(4)	68	(72)
<b>Net income from discontinued operations</b>	<b>(4)</b>	<b>61</b>	<b>(65)</b>

The costs recognized in 2014 regard the updated estimate of the adjustment payment due to Enel Energia, as provided for in the agreement for the sale of Enel.si.

## Net income for the year - €440 million

**Net income**, including the result of discontinued operations (a loss of €4 million), amounted to €440 million, a decrease of €158 million or 26.4% on the €598 million posted in 2013 restated (including net income from discontinued operations of €61 million).



# Analysis of the Group's financial position

The following table reports the reclassified balance sheet at December 31, 2014, with comparative figures at December 31, 2013 restated.

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013 restated	Change
Property, plant and equipment	13,329	11,703	1,626
Intangible assets	1,378	1,312	66
Goodwill	871	875	(4)
Equity investments accounted for using the equity method	365	570	(247)
Net non-current financial assets/(liabilities)	(86)	2	(88)
Net other non-current assets/(liabilities)	(34)	(55)	21
<b>Total net non-current assets:</b>	<b>15,781</b>	<b>14,407</b>	<b>1,374</b>
Inventories	184	89	95
Trade receivables	440	355	85
Trade payables	(888)	(741)	(147)
Net tax receivables/(payables)	104	128	(24)
Net current financial assets/(liabilities)	(70)	(89)	19
Net other current assets/(liabilities)	(12)	(34)	22
<b>Total net current assets</b>	<b>(242)</b>	<b>(292)</b>	<b>50</b>
<b>Gross capital employed</b>	<b>15,539</b>	<b>14,115</b>	<b>1,424</b>
Post-employment and other employee benefits	(43)	(47)	4
Provisions for risks and charges	(150)	(130)	(20)
Net deferred taxes	(379)	(376)	(3)
<b>Total provisions</b>	<b>(572)</b>	<b>(553)</b>	<b>(19)</b>
<b>Assets classified as held for sale and liabilities in a disposal group held for sale</b>	<b>-</b>	<b>25</b>	<b>(25)</b>
<b>Net capital employed</b>	<b>14,967</b>	<b>13,587</b>	<b>1,380</b>
<b>Shareholders' equity</b>	<b>8,929</b>	<b>8,263</b>	<b>666</b>
<b>Net financial debt</b>	<b>6,038</b>	<b>5,324</b>	<b>714</b>

Please note that during impairment testing of goodwill at December 31, 2014, an impairment loss was determined to exist with regard to the Enel Green Power Hellas CGU (whose cash flows and carrying amount regarded both operational facilities and projects under development, including the Elica II initiative, which is accounted for using the equity method). Management first wrote off the goodwill in the amount of €33 million, and then wrote down the other assets of the CGU in proportion to the carrying amount of each associated asset.

These impairment losses impacted property, plant and equipment (€91 million), intangible assets (€57 million) and equity investments accounted for using the equity method (€89 million), with associated tax effects of €39 million.

*Property, plant and equipment* amounted to €13,329 million, an increase of €1,626 million on December 31, 2013 restated, essentially attributable to capital expenditure during the year (€1,580 million, including €30 million associated with the Osage project), depreciation, amortization and impairment losses (€726 million) including the impact of the impairment testing, exchange rate gains (€518 million), the change in the scope of consolidation (€198 million, including the disposal of a controlling stake in Osage) and the capitalization of financial expense (€59 million).

Operating capital expenditure in 2014 mainly regarded the wind sector in Latin America (€600 million), North America (€313 million) and Europe (€74 million), the geothermal sector in Italy (€161 million), the solar sector in Chile (€198



million) and Europe (€23 million) and the hydroelectric sector in Latin America (€111 million) and Italy (€77 million).

The change in the scope of consolidation mainly regards the full consolidation of the company that owns the Buffalo Dunes project in the United States (€334 million), previously accounted for using the equity method, the acquisition of control of the companies of the Enel Green Power Solar Energy Group (€102 million). These factors were partly offset by the disposal of the French subsidiary Enel Green Power France (€230 million) and of a controlling interest in Osage (€30 million) in the United States.

*Intangible assets* amounted to €1,378 million, an increase of €66 million compared with December 31, 2013 restated, mainly reflecting the effects of the determination of the fair value of the assets acquired and liabilities assumed in respect of a number of projects in North America (€62 million), South Africa (€31 million) and Chile (€21 million), investments for the year (€49 million), exchange rate gains (€40 million) and the change in the scope of consolidation following the acquisition of control of Enel Green Power Solar Energy and a solar project in North America (€27 million). These factors were partly offset by amortization and impairment losses (€143 million) including the impact of the impairment testing.

*Goodwill* amounted to €871 million, a decrease of €4 million compared with December 31, 2013 restated, mainly attributable to exchange rate gains (€51 million), partly offset by the change in the scope of consolidation following the disposal of Enel Green Power France (€29 million) and the impairment loss on the Enel Green Power Hellas CGU (€33 million).

*Equity investments accounted for using the equity method* amounted to €323 million, a decrease of €247 million compared with December 31, 2013 restated. The decline was primarily attributable to the disposal of the holdings in LaGeo

(€100 million) and Tirme (€21 million), the full consolidation of Buffalo Dunes (€77 million) and the distribution of dividends by a number of associates of Enel Green Power España (€14 million). These changes were only partly offset by the acquisition of the Osage project (€30 million) and capital increases in North America, Greece and Italy (€22 million).

**Net current assets** were a negative €242 million at December 31, 2014 (a negative €292 million at December 31, 2013 restated), a decrease of €50 million, mainly ascribable to:

- > an increase in *inventories* (€95 million), associated with the increase in the stocks due to purchases of turbines for use in projects in North America (€49 million) and photovoltaic panels to be installed (€45 million);
- > an increase in *net trade payables* (€62 million), due to an increase in operating investments during the year;
- > an increase in *other net current assets/(liabilities)* (€22 million), mainly reflecting the amounts still to be collected in respect of the price set in the agreement with Sharp, as discussed in the section on significant events (€35 million).

**Provisions** show a net increase of €19 million, primarily attributable to the increase in provisions for risks and charges of the subsidiaries in North America and Chile.

**Net assets held for sale** at December 31, 2013 reported the net assets associated with the Portuguese cogeneration plants of the Enel Green Power España subsidiary (€13 million) and the wind plant of the French subsidiary Enel Green Power France (€12 million), which were sold in January 2014.

**Net capital employed** at December 31, 2014 amounted to €14,967 million and is funded by shareholders' equity attributable to shareholders of the Parent Company and non-controlling interests of €8,929 million and net financial debt of €6,038 million. The debt-to-equity ratio was 0.7 (0.6 at December 31, 2013 restated).

# Analysis of the Group's financial structure

## Net financial debt

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013 restated	Change
<b>Long-term debt</b>			
Bank borrowings	2,711	2,113	598
Other borrowings	869	603	266
Due to related parties	2,455	2,480	(25)
<b>Long-term debt</b>	<b>6,035</b>	<b>5,196</b>	<b>839</b>
Long-term financial receivables	(425)	(334)	(91)
<b>Net long-term debt</b>	<b>5,610</b>	<b>4,862</b>	<b>748</b>
Short-term portion of long-term bank borrowings	193	126	67
Drawings on revolving credit facilities	2	3	(1)
Other short-term bank borrowings	11	20	(9)
<b>Short-term bank borrowings</b>	<b>206</b>	<b>149</b>	<b>57</b>
Other borrowings and amounts due to related parties - short-term portion	130	86	44
Other short-term financial payables and payables due to related parties	852	798	54
<b>Other short-term borrowings and amounts due to related parties</b>	<b>982</b>	<b>884</b>	<b>98</b>
Other short-term financial receivables	(285)	(231)	(54)
Cash with banks and short-term securities	(475)	(340)	(135)
<b>Cash and cash equivalents and short-term financial receivables</b>	<b>(760)</b>	<b>(571)</b>	<b>(189)</b>
<b>Net short-term financial debt</b>	<b>428</b>	<b>462</b>	<b>(34)</b>
<b>NET FINANCIAL DEBT</b>	<b>6,038</b>	<b>5,324</b>	<b>714</b>
Financial debt of "Net assets held for sale"	-	(9)	9

**Net financial debt** amounted to €6,038 million, an increase of €714 million (+13.4%), with an increase in investment and exchange rate losses of €196 million. The change reflected an increase of €748 million in net long-term debt (+15.4%) and a decrease of €34 million in net short term debt (-7.4%).

Under *net long-term debt*, the increase in bank borrowings (€598 million) was mainly due to new loans obtained generally to meet the funding requirements for projects in Brazil, Chile and Mexico (€704 million), while the rise in other loans (€266 million) mainly reflects the inclusion of Buffalo Dunes

Wind Project – previously accounted for using the equity method – in the scope of consolidation of the tax partnership (€181 million) and the tax partnerships of the new Origin project (€129 million). The increase in long-term financial receivables reflects the increase in receivables in respect of associates of Enel Green Power España (€88 million).

Under *net short-term debt*, the increase in other short-term financial receivables (€54 million) was mainly due to the rise in deposits on the intercompany current account held with the Dutch finance company of the Enel Group (€55 million), partly offset by smaller decreases in other resources.

# Cash flows

Millions of euro

	2014	2013 restated	Change
<b>Cash and cash equivalents at the beginning of the period <sup>(1)</sup></b>	<b>337</b>	<b>314</b>	<b>23</b>
Cash flows from operating activities	1,033	765	268
- of which discontinued operations	-	5	(5)
Cash flows from investing activities	(1,137)	(1,209)	72
- of which discontinued operations	-	85	(85)
Cash flows from financing activities	85	472	(387)
- of which discontinued operations	-	7	(7)
Effect of exchange rate changes on cash and cash equivalents	17	(5)	22
<b>Cash and cash equivalents at the end of the period</b>	<b>335</b>	<b>337</b>	<b>(2)</b>

(1) Of which cash and cash equivalents of "Assets held for sale" equal to €10 million at December 31, 2013.

**Cash flows from operating activities** for 2014 were a positive €1,033 million, up €268 million on the previous year (a positive €765 million). This reflected cash requirements associated with net current assets of €687 million (down €299 million compared with 2013 restated) and a gross operating margin, net of non-monetary items, totaling €1,720 million (down €31 million compared with 2013 restated).

**Cash flows from investing activities** in 2014 amounted to €1,137 million, down €72 million on the previous year (€1,209 million). The increase in cash used in operating investments (€366 million) and for the acquisition of a number of projects in North America was more than offset by the liquidity generated by the disposal of Enel Green Power France (€299 million) and the holding in LaGeo (€224 million).

During the 1st Half of 2014, grants amounting to €10 million were received in Greece, which were reclassified as a reduction in operating capital expenditure.

**Cash flows from financing activities** totaled €85 million in 2014, down €387 million on the previous year (€472 million).

The combined effect of the various cash flows in 2014 produced a decrease in cash and cash equivalents of €2 million, net of exchange rate gains of €17 million.

# Overview of the Parent Company's performance and financial position



## Parent Company performance

The following table reports the reclassified income statement for 2014, with restated comparative figures for 2013 restated.

Millions of euro

	2014	2013 restated	Change
Total revenue	1,479	1,274	205
Net income/(expense) from commodity contracts measured at fair value	74	22	52
<b>Total revenue including commodity contracts measured at fair value</b>	<b>1,553</b>	<b>1,296</b>	<b>257</b>
<b>Total costs</b>	<b>(483)</b>	<b>(454)</b>	<b>(29)</b>
<b>Gross operating margin</b>	<b>1,070</b>	<b>842</b>	<b>228</b>
Depreciation, amortization and impairment losses	(301)	(340)	39
<b>Operating income</b>	<b>769</b>	<b>502</b>	<b>267</b>
Net financial income/(expense) from derivatives	(17)	(10)	(7)
Net other financial income/(expense)	(96)	(108)	12
Income from equity investments	39	39	-
<b>Income before taxes</b>	<b>695</b>	<b>423</b>	<b>272</b>
Income taxes	(260)	(204)	(56)
<b>Net income from continuing operations</b>	<b>435</b>	<b>219</b>	<b>216</b>
<b>Net income/(loss) from discontinued operations</b>	<b>(4)</b>	<b>71</b>	<b>(75)</b>
<b>Net income for the year</b>	<b>431</b>	<b>290</b>	<b>141</b>

# Revenue

Millions of euro

	2014	2013 restated	Change
Revenue from electricity sales	741	845	(104)
Revenue from green certificates and other incentives	364	315	49
Net income from commodity contracts measured at fair value	74	22	52
<b>Revenue from electricity sales including commodity contracts measured at fair value</b>	<b>1,179</b>	<b>1,182</b>	<b>(3)</b>
Other revenue and income	374	114	260
<b>Total revenue including commodity contracts measured at fair value</b>	<b>1,553</b>	<b>1,296</b>	<b>257</b>

**Total revenue including commodity contracts measured at fair value** amounted to €1,553 million (€1,296 million in 2013 restated), an increase of €257 million, in line with the increase of €260 million in other revenue (€374 million in 2014 and €114 million in 2013 restated), partly offset by a decrease of €3 million in revenue from electricity sales (€1,179 million in 2014 and €1,182 million in 2013 restated).

*Other revenue and income* totaled €374 million in 2014 (€114 million in 2013 restated) and includes the gain on the disposal of the investment in LaGeo SA de Cv (€148 million) and the indemnity provided for in the off-take agreement with Sharp regarding the output of the 3SUN Srl factory (€95 million), as

discussed in the section "Significant events in 2014".

The broad stability of revenue from electricity sales reflects the increase in revenue from green certificates and other incentives (€49 million) and a decrease in revenue from electricity sales, despite the expansion of generation, owing to a decline in average revenues.

*Revenue from green certificates and other incentives* amounted to €364 million, an increase of €49 million on the previous year, mainly reflecting the increase in revenue from green certificates thanks to an increase in subsidized generation, a rise in average prices and greater revenue from the Energy Account.

# Costs

Millions of euro

	2014	2013 restated	Change
Electricity	37	27	10
Personnel	147	141	6
Services, materials and other operating expenses	327	315	12
Capitalized costs	(28)	(29)	1
<b>Total</b>	<b>483</b>	<b>454</b>	<b>29</b>

**Costs** amounted to €483 million in 2014, an increase of €29 million (€454 million in 2013 restated), mainly due to the increase in net provisions for risk and charges (€16 million), costs for electricity purchases (€10 million) and personnel (€6 million), partly offset by a reduction in costs for services and other materials (€12 million).

The **gross operating margin** amounted to €1,070 million (€842 million in 2013 restated), an increase of €228 million on the previous year.

## Other items of the income statement

**Depreciation, amortization and impairment losses** amounted to €301 million, a decrease of €39 million compared with the €340 million posted in the previous year, mainly as a result of a decline of €60 million in writedowns recognized in 2014, partly offset by an increase in depreciation of property, plant and equipment totaling €19 million.

**Net financial expense from derivatives** rose by €7 million, mainly as a result of an increase in charges on trading contracts and contracts not qualifying as hedges under IAS.

**Net financial expense** declined by €12 million, with the recognition of an increase of €21 million in financial income, attributable to exchange rate gains and accrued interest income, partly offset by an increase of €9 million in financial expense.

**Income taxes** totaled €260 million (€204 million in 2013 restated). The item essentially reports current taxes in the amount of €247 million (€212 million in 2013 restated) and deferred taxes in the amount of €11 million (€1 million in deferred tax assets in 2013 restated).

## Net income from discontinued operations

The item showed a loss of €4 million and regards the price adjustment envisaged in the contract for the sale to Enel Energia SpA of the entire share capital of Enel.si Srl, previously wholly owned by Enel Green Power SpA. The disposal,

which was carried out in July 2013, had given rise to a capital gain of €72 million, which was recognized in the 2013 income statement under net income from discontinued operations, net of taxation (€1 million).

## Net income for the year

The year 2014 closed with **net income** (including the net loss from discontinued operations of €4 million) of €431 million, an increase of €141 million on the previous year

(€290 million in 2013 restated, including net income from discontinued operations of €71 million).



# Analysis of the Parent Company's financial position

The following table reports the reclassified balance sheet at December 31, 2014, with restated comparative figures at December 31, 2013 restated.

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013 restated	Change
<b>Net non-current assets</b>			
Property, plant and equipment	4,847	4,774	73
Intangible assets	28	20	8
Goodwill	6	6	-
Equity investments	4,593	5,094	(501)
Net non-current financial assets/(liabilities) - derivatives	(50)	(9)	(41)
Other net non-current assets/(liabilities)	(45)	(51)	6
<b>Total net non-current assets</b>	<b>9,379</b>	<b>9,834</b>	<b>(455)</b>
<b>Net current assets</b>			
Inventories	89	43	46
Trade receivables	358	408	(50)
Net tax receivables/(payables)	(20)	(38)	18
Net current financial assets/(liabilities) - derivatives	5	(2)	7
Other net current financial assets/(liabilities)	(29)	(29)	-
Trade payables	(247)	(315)	68
Other net current assets/(liabilities)	94	44	50
<b>Total net current assets</b>	<b>250</b>	<b>111</b>	<b>139</b>
<b>Gross capital employed</b>	<b>9,629</b>	<b>9,945</b>	<b>(316)</b>
<b>Provisions</b>			
Post-employment and other employee benefits	(39)	(44)	5
Provisions for risks and charges (including current portion)	(77)	(80)	3
Net deferred taxes	127	134	(7)
<b>Total provisions</b>	<b>11</b>	<b>10</b>	<b>1</b>
<b>Net capital employed</b>	<b>9,640</b>	<b>9,955</b>	<b>(315)</b>
<b>Shareholders' equity</b>	<b>6,898</b>	<b>6,648</b>	<b>250</b>
<b>Net financial debt</b>	<b>2,742</b>	<b>3,307</b>	<b>(565)</b>

**Net non-current assets** decreased by €455 million compared with December 31, 2013 restated, mainly due to the net reduction in the value of the interest in Enel Green Power International BV, down €430 million, following the financial restructuring of the North American companies.

The change in the item also reflected the following developments:

- > *property, plant and equipment* increased by €73 million, essentially reflecting the net balance between capital expenditure (€279 million), the change in the scope of consolidation with the merger of the subsidiaries Enel Green Power Canaro Srl and Enel Green Power Cutro Srl (a total of €82 million), depreciation (€280 million) and impairment losses and other changes (a total of €8 million);
- > *net non-current financial liabilities - derivatives* rose by €41 million as a result of the measurement at fair value of cash flow hedges of interest rates on long-term and floating-rate borrowings;
- > *equity investments* declined by €70 million following the merger of Enel Green Power Cutro Srl and Enel Green Power Canaro Srl into the Parent Company.

**Net current assets** were a positive €250 million, an increase of €139 million compared with December 31, 2013 restated (a positive €111 million). The rise mainly reflects:

- > an increase of €50 million in *net other current assets*, largely attributable to receivables in respect of Sharp Corporation for the remaining amounts due under the off-take agreement with Sharp regarding the output of the 3SUN Srl factory (€35 million), an increase in receivables for green certificates accrued but not yet credited to the certificates account (€11 million) and the recognition of a receivable in respect of the Salvadoran national energy company Inversiones Energéticas SA de Cv (INE) for the disposal of the holding in LaGeo SA de Cv (€5 million);
- > an increase of €46 million in *inventories*, essentially in respect of photovoltaic panels acquired from 3SUN Srl under the agreement with Sharp Corporation noted earlier;
- > a reduction of €50 million in *trade receivables*, mainly due to the collection by the foreign subsidiaries of receivables in respect of management fees (€30 million) and the merger of Enel Green Power Canaro Srl and Enel Green Power Cutro Srl into the Parent Company (totaling €21 million);
- > a decrease of €18 million in *net tax payables*, mainly due to an increase in the IRES (corporate income tax) debt to Enel SpA (€27 million), partly offset by the change in the VAT position in respect of Enel SpA within the Group VAT mechanism (a creditor position of €7 million at December 31, 2014, compared with a debtor position of €35 million at December 31, 2013 restated);
- > a decrease of €68 million in *trade payables*, due essentially to the payment of debts due to related parties.

**Provisions** amounted to €11 million, an increase of €1 million on the previous year (€10 million) mainly due to the decline in deferred taxes recognized (€7 million), offset by increases in the provision for post-employment and other employee benefits (€5 million) and in the provision for risks and charges (€3 million).

**Net capital employed** amounted to €9,640 million (€9,955 million at December 31, 2013 restated), funded by shareholders' equity of €6,898 million (€6,648 million at December 31, 2013 restated) and net financial debt of €2,742 million (€3,307 million at December 31, 2013 restated).

**Net financial debt** amounted to €2,742 million (€3,307 million at December 31, 2013 restated), a decrease of €565 million attributable to an increase in loans to Group companies (€733 million), mainly in connection with the restructuring of the North American companies and the change in the position on the intercompany current account with Enel SpA (€278 million). These factors were partly offset by the loan granted by Enel Finance International NV (€500 million).

**Shareholders' equity** came to €6,898 million. It is composed of share capital (€1,000 million), the legal reserve (€200 million), other reserves (€4,443 million), retained earnings (€824 million) and net income for the year (€431 million). The change compared with the previous year mainly reflects the recognition of net income (€431 million) and the distribution of dividends from 2013 net income (€160 million).

# Analysis of the Parent Company's financial structure

## Net financial debt

Net financial debt breaks down as follows.

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013 restated	Change
Bank borrowings	756	800	(44)
Due to related parties	1,200	1,200	-
<b>Long-term debt</b>	<b>1,956</b>	<b>2,000</b>	<b>(44)</b>
Long-term financial receivables	(27)	(21)	(6)
<b>Net long-term debt</b>	<b>1,929</b>	<b>1,979</b>	<b>(50)</b>
Short-term portion of long-term bank borrowings	55	45	10
<b>Short-term bank borrowings</b>	<b>55</b>	<b>45</b>	<b>10</b>
Other short-term financial payables	1,568	1,341	227
<b>Other short-term debt</b>	<b>1,568</b>	<b>1,341</b>	<b>227</b>
Other short-term financial receivables	(791)	(49)	(742)
Cash with banks and short-term securities	(19)	(9)	(10)
<b>Cash and cash equivalents and short-term financial receivables</b>	<b>(810)</b>	<b>(58)</b>	<b>(752)</b>
<b>Net short-term financial debt</b>	<b>813</b>	<b>1,328</b>	<b>(515)</b>
<b>NET FINANCIAL DEBT</b>	<b>2,742</b>	<b>3,307</b>	<b>(565)</b>

**Net financial debt** amounted to €2,742 million (€3,307 million at December 31, 2013 restated), a decrease of €565 million, with an increase of €227 million in other short-term debt in respect of the Enel Group and one of €742 million

in other short-term financial receivables, mainly as a result of the financial restructuring of the subsidiary Enel Green Power North America.

# Cash flows

Millions of euro

	2014	2013 restated	Change
<b>Cash and cash equivalents at the beginning of the year</b>	<b>9</b>	<b>8</b>	<b>1</b>
Cash flows from operating activities	413	370	43
Cash flows from investing activities	(302)	(765)	463
Cash flows from financing activities	(101)	396	(497)
<b>Cash and cash equivalents at the end of the year</b>	<b>19</b>	<b>9</b>	<b>10</b>

**Cash flows from operating activities** were a positive €413 million, up €43 million (12%) compared with 2013 restated (€370 million). The change reflects lower cash requirements associated with the change in working capital between the two periods.

**Cash flows from investing activities** used cash in the amount of €302 million, down €463 million compared with 2013 restated (€765 million).

Cash flow used in equity investments/repayments of €241 million (€594 million at December 31, 2013 restated) and in property, plant and equipment of €269 million (€294 million in 2013 restated) was partially offset by the receipt of payment for the disposal of LaGeo (€224 million).

**Cash flows from financing activities** absorbed cash in the amount of €101 million, a change of €497 million compared with 2013 restated (€396 million).

# Reconciliation of shareholders' equity and net income of Enel Green Power SpA and the corresponding consolidated figures



Pursuant to CONSOB notice no. DEM/6064293 of July 28, 2006, the following table provides a reconciliation of Group results for the year and shareholders' equity with the corresponding figures for the separate financial statements of the Parent Company.

Millions of euro	Income statement		Shareholders' equity	
	2014	2013 restated	at Dec. 31, 2014	at Dec. 31 2013, restated
<b>Separate financial statements - Enel Green Power SpA</b>	<b>431</b>	<b>290</b>	<b>6,898</b>	<b>6,648</b>
Carrying amount and impairment adjustments of consolidated equity investments and equity investments accounted for using the equity method	(56)	21	(8,877)	(9,650)
Shareholders' equity and net income (calculated using harmonized accounting policies) of the consolidated companies and groups and those accounted for using the equity method, net of non-controlling interests	121	282	9,159	9,676
Intercompany dividends	(113)	(55)	-	-
Consolidation differences at the Group consolidation level	(24)	(10)	655	616
<b>Total Group</b>	<b>359</b>	<b>528</b>	<b>7,835</b>	<b>7,290</b>
<b>Total non-controlling interests</b>	<b>81</b>	<b>70</b>	<b>1,094</b>	<b>973</b>
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>440</b>	<b>598</b>	<b>8,929</b>	<b>8,263</b>

# Analysis of sustainability indicators

## Governance and ethics

The Board of Directors of Enel Green Power has 10 directors, including 3 women. With the new appointments to the positions of Chief Executive Officer and Chairman of the Board of Directors, the number of directors under 50 years of age

has increased from 1 to 3. There are 6 directors considered independent under the provisions of the Corporate Governance Code for listed companies.

Number	2014	2013	Change
<b>Number of directors by gender</b>	<b>10</b>	<b>10</b>	-
Men	7	7	-
Women	3	3	-

Number	2014	2013	Change
<b>Number of directors by age</b>	<b>10</b>	<b>10</b>	-
Under 30	-	-	-
From 30 to 50	3	1	2
Over 50	7	9	(2)

Number	2014	2013	Change
Independent directors	6	6	-

Number	2014	2013	Change
Other positions held by directors	1	1	-

Percentages	2014	2013	Change
Average attendance of directors at Board meetings	95.6	89.3	6.3

As regards controls concerning the application of the Code of Ethics, in 2014 6 reports of alleged violations of the Code were submitted. Those reports were investigated by the Audit Department of Enel Green Power with the support of the

company departments involved and 2 cases of misconduct were found, associated with conduct that harmed the interests of company employees.

Number	2014	2013	Change
<b>Reports received of alleged violations of the Code of Ethics, by category of stakeholder</b>	<b>6</b>	<b>4</b>	<b>2</b>
Internal stakeholders	2	-	2
External stakeholders	2	1	1
Anonymous	2	3	(1)



Number	2014	2013	Change
<b>Reports received of alleged violations of the Code of Ethics, by status</b>	<b>6</b>	<b>4</b>	<b>2</b>
Reports received, under assessment	-	-	-
Reports received, no violation found	4	4	-
Reports received, violation found	2	-	2

Number	2014	2013	Change
<b>Reports received of alleged violations of the Code of Ethics, by stakeholder harmed or potentially harmed</b>	<b>6</b>	<b>4</b>	<b>2</b>
Shareholders	1	-	1
Lenders	-	-	-
Customers	-	-	-
Employees	2	1	1
General public	1	2	(1)
Suppliers	2	1	1

Number	2014	2013	Change
<b>Violations of the Code of Ethics confirmed, by stakeholder harmed</b>	<b>2</b>	<b>-</b>	<b>2</b>
Shareholders	-	-	-
Lenders	-	-	-
Customers	-	-	-
Employees	2	-	2
General public	-	-	-
Suppliers	-	-	-

Number	2014	2013	Change
<b>Violations of the Code of Ethics concerning cases of:</b>	<b>2</b>	<b>-</b>	<b>2</b>
Corruption	-	-	-
Mobbing	-	-	-
Discrimination:	-	-	-
- by gender	1	-	1
- by disability	-	-	-
Misuse of company vehicles/property	-	-	-
Human rights (specify type)	-	-	-
Other	1	-	1

Finally, in 2014 the total number of pending legal proceedings involving Enel Green Power declined from the 952 registered in 2013 to 659. The largest decrease came in legal proceedings in which Enel Green Power was the plaintiff, associated with the abandonment of more than 300 suits initiated in 2013 in Greece. More specifically, our Greek com-

panies had filed suit seeking avoidance of a number of tax withholdings made by the Greek State and reimbursement of the amounts withheld. A ruling of the Council of State upheld the Greek State's actions, prompting Enel Green Power to withdraw all of its petitions.

Number	2014	2013 restated	Change
<b>Legal proceedings pending, by area</b>	<b>659</b>	<b>952</b>	<b>(293)</b>
Europe	479	831	(352)
Latin America	174	116	58
North America	6	5	1

Number	2014	2013	Change
Legal proceedings pending for anti-competitive conduct and antitrust violations	22	4	18

Number	2014	2013	Change
Legal proceedings pending for environmental violations	37	47	(10)

Number	2014	2013	Change
Legal proceedings pending with supply chain	25	17	8

Number	2014	2013 restated	Change
Total new disputes	153	475	(322)

## The drive for innovation

In 2014, spending on technological innovation, aimed at the development and operational testing of innovative technologies to improve the performance of existing technology,

experimenting with new technology and the integration of renewable energy in urban environments, amounted to €16.9 million, comprising expenses and investments.

Millions of euro	2014	2013	Change
<b>Spending on innovation by technology<sup>(1)</sup></b>	<b>16.9</b>	<b>15.6</b>	<b>1.3</b>
Hydro	-	0.2	(0.2)
Geothermal	7.7	4.6	3.1
Wind	0.6	1.9	(1.3)
Biomass and biodegradable fraction of waste	0.01	0.08	(0.07)
Photovoltaic	3.3	5.2	(1.9)
Marine	0.1	-	0.1
Storage	3.0	0.2	2.8
Other	2.2	3.4	(1.2)

(1) In order to operationally represent the activities of Innovation, the figures for 2014 and 2013 also include activities conducted by other units but coordinated or directly managed by Innovation. In addition, the value of the CCA (contribution agreement) has been adjusted. For these reasons, the figure for 2013 differs from that published in the Annual Report 2013.

Number	2014	2013	Change
Number of innovation partnerships signed	14	6	8

In 2014 Enel Green Power ran 36 projects, of which 13 associated with long-term initiatives. During the year, 7 projects were launched, 3 of which concerning storage technologies.

Number

	2014	2013	Change
<b>Number of projects assessed by Scouting &amp; Selection</b>	<b>95</b>	<b>128</b>	<b>(33)</b>
Hydro	26	19	7
Geothermal	2	8	(6)
Wind	16	11	5
Biomass and biodegradable fraction of waste	4	5	(1)
Photovoltaic	28	32	(4)
Other technologies	35	53	(18)

Number

	2014	2013	Change
Number of projects launched and managed by the Innovation unit	36	35	1

Number

	2014	2013	Change
Staff in Innovation unit	11	10	1

## An integrated approach to health, safety and the environment

### Occupational health and safety

Enel Green Power's commitment to the health and safety of its employees and subcontractors was reflected in safety expenditure of €59.1 million in 2014. This effort comprised training and information, communication, health monitor-

ing, purchasing and management of personal safety equipment, medical units, studies and research.

Special attention was focused on health and safety training, which in 2014 totaled 52,237 hours.

Percentages

	2014	2013	Change
OHSAS 18001 certification	100.0	100.0	-

Millions of euro

	2014	2013	Change
Total safety expenditure	59.1	59.8	(0.7)

Euro

	2014	2013	Change
Safety expenditure by employee	16,436	17,252	(816)

Number			
	2014	2013	Change
Hours of employee health and safety training	52,237	41,370	10,867

Percentages			
	2014	2013	Change
Contractors and subcontractors receiving health and safety training	100.0	100.0	-

The entire Enel Green Power Group registered no serious or fatal accidents involving Group employees in 2014. Non-serious accidents involving employees decreased substantially in terms of number (from 7 to 3) and in terms of days lost to injury (from 302 to 48). This performance has a positive impact on both the lost-time injuries frequency rate (LTIFR) and the lost-day rate (LDR).

By contrast, 2 employees of contractors were involved in serious accidents. This caused an increase in the LDR, while the LTIFR was unchanged at 0.15 owing to the significant increase in the number of external workers at Enel Green Power sites during the year (see the section "Supplier management").

Days lost to injuries to employees fell substantially compared with 2013.

Number			
	2014	2013	Change
<b>Workplace accidents involving employees</b>	<b>3</b>	<b>7</b>	<b>(4)</b>
of which serious <sup>(1)</sup>	-	-	-
of which fatal	-	-	-

(1) A "serious injury" is an injury for which the initial prognosis for recovery is greater than 30 lost work days.

Number			
	2014	2013	Change
<b>Workplace accidents involving employees of contractors</b>	<b>11</b>	<b>8</b>	<b>3</b>
of which serious <sup>(1)</sup>	2	-	2
of which fatal	-	-	-

(1) A "serious injury" is an injury for which the initial prognosis for recovery is greater than 30 lost work days.

Index			
	2014	2013	Change
<b>Lost-Time Injuries Frequency Rate</b>			
Employees	0.09	0.21	(0.12)
Employees of contractors	0.15	0.15	-
Total	0.13	0.17	(0.04)

Index			
	2014	2013	Change
<b>Lost-Day Rate</b>			
Employees	1.40	9.27	(7.87)
Employees of contractors	4.05	2.36	1.69
Total	3.18	5.24	(2.06)

Number			
	2014	2013	Change
Days lost to employee injuries	48	302	(254)

# The environment

In 2014, Enel Green Power continued to pursue its commitment to integrating environmental protection practices into Group operations through UNI EN ISO 14001 certification, which by now has been extended to all geographical areas and organizational units.

EMAS certification (Eco Management and Audit Scheme) is in line with 2013, as it was decided to retain certification solely for Italian geothermal operations.

## Percentages

	2014	2013	Change
ISO 14001 certification	100.0	100.0	-

## Percentages

	2014	2013	Change
EMAS registration	8.0	8.0	-

Total waste produced increased owing to the expansion in the number of plants in operation in 2014 (about 700 MW of additional installed capacity).

The percentage of waste recycled more than doubled thanks to increased awareness of the issue, which led to more stringent controls at Enel Green Power sites.

## Metric tons

	2014	2013	Change
<b>Waste produced</b>	<b>84,293.1</b>	<b>40,408.5</b>	<b>43,884.6</b>
<b>Hazardous waste</b>	<b>12,282.6</b>	<b>7,758.1</b>	<b>4,524.5</b>
Recycled (including energy recovery)	10,984.5	1,107.3	9,877.2
Treated	1,298.1	6,650.8	(5,352.7)
<b>Non-hazardous waste</b>	<b>72,010.5</b>	<b>32,650.4</b>	<b>39,360.1</b>
Recycled (including energy recovery)	58,467.5	15,082.7	43,384.8
Treated	13,450.5	17,567.7	(4,117.2)

## Percentages

	2014	2013	Change
Waste recycled	82.4	40.1	42.3

The volume of CO<sub>2</sub> emissions avoided is an indicator of the environmental benefits of the mix of the resources used in production processes and the efficiency of the stages of their employment through to end uses. The following table

reports CO<sub>2</sub> emissions avoided thanks to the generation of electricity from renewable resources in place of the alternative of thermal generation powered by fossil fuels. In 2014 emissions avoided increased by 33.9%.

## Thousands of metric tons

	2014	2013	Change
<b>CO<sub>2</sub> emissions avoided</b>	<b>22,037.8</b>	<b>16,464.2</b>	<b>5,573.6</b>
Hydro	8,536.6	5,817.9	2,718.7
Geothermal	3,254.5	2,816.1	438.4
Wind	9,921.4	7,570.7	2,350.7
Biomass and biodegradable fraction of waste	74.0	70.1	3.9
Photovoltaic	251.3	189.4	61.9

Emissions of green-house gases associated with the production of electricity from cogeneration and biomass fell in 2014 due to the sale of all of Enel Green Power's cogeneration facilities.

Metric tons			
	2014	2013	Change
Net emissions of green-house gases	1,021	100,975	(99,954)

Net g/kWh eq.			
	2014	2013	Change
Specific emissions of green-house gases	8.8	194.2	(185.4)

The increase in specific emissions of NO<sub>x</sub> is attributable to the comparison with the previous year: in 2013, a number of thermal plants in which Enel Green Power was a minority shareholder were not considered in calculating the indicator.

Metric tons			
	2014	2013	Change
Net emissions of NO <sub>x</sub>	488	436	52

Net g/kWh eq.			
	2014	2013	Change
Net specific emissions of NO <sub>x</sub>	4.2	0.8	3.4

Metric tons			
	2014	2013	Change
Emissions of SO <sub>2</sub>	1.1	22.2	(21.1)

g/kWh			
	2014	2013	Change
Net specific emissions of SO <sub>2</sub>	0.01	0.05	(0.04)

Metric tons			
	2014	2013	Change
Net emissions of particulates	0.8	27.3	(26.5)

Emissions of hydrogen sulfide (H<sub>2</sub>S), a typical feature of geothermal activities, decreased by 9.2% compared with 2013 despite the increase in generation. This was the result of the gradual installation at Group plants of the AMIS (Abate-

ment of Mercury and Hydrogen Sulfide) emissions abatement system, patented by Enel Green Power, which had begun in 2003. The system is expected to be installed at all Enel Green Power geothermal plants by the end of 2015.

Metric tons			
	2014	2013	Change
Emissions of H <sub>2</sub> S	7,366	8,110	(744)

g/kWh			
	2014	2013	Change
Net specific emissions of H <sub>2</sub> S by geothermal generation	1.2	1.5	(0.3)



Emissions of SF<sub>6</sub> declined by 42.2% thanks to a number of targeted initiatives: at the infrastructure level, new plants were equipped with new-generation circuit breakers with automated gas-pressure sensor systems, remote transmission systems and integrated leak sealing systems. Obsolete

equipment is being replaced with "SF<sub>6</sub> free" systems. On the management side, Enel Green Power has introduced periodic leak control procedures and programs and procedures for reducing losses during replenishment and for recovering gas.

Metric tons of CO<sub>2</sub> equivalent

	2014	2013	Change
Emissions of SF <sub>6</sub>	1,204.8	2,085.4	(880.5)

The volume of water withdrawn from unrestricted sources amounted to 37.9 thousand cubic meters, a decline of 1.8% on 2013. The reduction is attributable to the sale of a num-

ber of cogeneration plants and the optimization of water recovery processes at a number of biomass plants.

Thousands of cubic meters

	2014	2013	Change
<b>Water use</b>	<b>37.9</b>	<b>38.6</b>	<b>(0.7)</b>
surface water (wetlands, lakes, rivers)	-	-	-
sub-surface water (wells)	36.3	38.5	(2.2)
public water supply	1.6	0.1	1.5

In addition to its commitment to prevention, with investment in plant maintenance and employee training, Enel Green Power took steps to improve its emergency response and management capabilities to handle accidental spills of

oil/fuels during plant construction and operation. This produced a substantial reduction in major spills, which fell by 56.3% on 2013.

Number

	2014	2013	Change
Major spills	21	48	(27)

## Our people

At December 31, 2014 the Enel Green Power Group had 3,609 employees, an increase of 4% compared with 2013. The largest increases came in the Latin America area (+16.5%), in line with the development of our business, which again saw a concentration of investment in the emerging economies in 2014.

An analysis of changes in personnel in 2014 also shows the effects of organizational changes and changes in the scope of consolidation.

Number

	2014	2013 restated	Change
<b>Workforce by geographical area</b>	<b>3,609</b>	<b>3,469</b>	<b>140</b>
Europe	2,392	2,381	11
Latin America	875	751	124
North America	342	337	5

Number						
	Workforce at Dec. 31, 2013 restated	Hires	Terminations	Enel Group transfers	Change in scope	<b>Workforce at Dec. 31, 2014</b>
Europe	2,381	259	(232)	48	(64)	<b>2,392</b>
Latin America	751	222	(98)	-	-	<b>875</b>
North America	337	63	(58)	-	-	<b>342</b>
<b>Total</b>	<b>3,469</b>	<b>544</b>	<b>(388)</b>	<b>48</b>	<b>(64)</b>	<b>3,609</b>

Percentages			
	<b>2014</b>	2013 restated	Change
Turnover rate	13.5	11.5	2.0

Number			
	<b>2014</b>	2013	Change
Employees seconded abroad	71	57	14

Women make up 19.5% of the Enel Green Power workforce, up 7.8% on 2013, and hold 24.5% of all middle or senior management positions.

Number			
	<b>2014</b>	2013 restated	Change
<b>Employees by gender</b>			
Men	2,904	2,815	89
Women	705	654	51

Percentages			
	<b>2014</b>	2013 restated	Change
<b>Employees by gender</b>			
Men	80.5	81.1	(0.7)
Women	19.5	18.9	0.7

Percentages			
	<b>2014</b>	2013 restated	Change
Women in middle or senior management positions, percentage of total such positions	24.5	22.5	2.0

Years			
	<b>2014</b>	2013	Change
Average age	40	42	(2)

Number			
	<b>2014</b>	2013 restated	Change
<b>Workforce by age</b>			
Under 30	668	569	99
From 30 to 50	2,036	1,947	89
Over 50	905	953	(48)

Percentage

	2014	2013 restated	Change
<b>Workforce by age</b>			
Under 30	18.5	16.4	2.1
From 30 to 50	56.4	56.1	0.3
Over 50	25.1	27.5	(2.4)

As part of our personnel development policies, in 2014 the total number of training hours delivered increased significantly compared with 2013, with an increase in *per capita* training to 42.6 hours/year.

Thousands of hours

	2014	2013	Change
Total training hours	153.1	94.8	58.3

*Per capita* hours

	2014	2013 restated	Change
Training hours per employee	42.6	27.7	14.9

## Supplier management

Qualified suppliers numbered 3,627 at December 31, 2014, up 3.2% compared with 2013. The figure reflects Enel Green Power's commitment to gradually extending the qualification system to an ever greater number of product segments.

Number

	2014	2013	Change
Active qualified supplier relationships <sup>(1)</sup>	3,627	3,516	111

(1) Enel Green Power uses Enel SpA's qualification system.

Number

	2014	2013 restated	Change
Suppliers with new contract during the year	7,595	7,381	214

Purchases of fuels increased significantly compared with 2013, reflecting in particular purchase of woody biomass in Italy. The decline in purchase of gas is attributable to the sale of cogeneration plants in Portugal.

The increase in purchases of materials and services reflects the growth of the Group and the expansion of its range of operations.

Millions of euro

	2014	2013	Change
<b>Fuel purchases</b>	<b>31.9</b>	<b>14.9</b>	<b>17.0</b>
Gas	0.0004	12.1	(12.1)
Fuel oil	1.7	2.3	(0.6)
Coal/Biomass	30.2	0.5	29.7
Services	-	-	-

Millions of euro

	2014	2013 restated	Change
<b>Purchases of materials and services</b>	<b>2,498.3</b>	<b>1,725.6</b>	<b>772.7</b>
Supplies	887.0	826.7	60.3
Works	728.4	378.1	350.3
Services	882.9	520.8	362.1

Number

	2014	2013 restated	Change
Foreign suppliers with contracts of >€1 million	30	25	5
Local suppliers <sup>(1)</sup> with contracts of >€1 million	182	138	44

(1) "Local suppliers" are suppliers with their registered office in the country in which the contract was issued.

Millions of euro

	2014	2013 restated	Change
Expenditure with foreign suppliers with contracts of >€1 million	336.2	78.0	258.2
Expenditure with local suppliers <sup>(1)</sup> with contracts of >€1 million	1,862.5	1,385.2	477.3

(1) "Local suppliers" are suppliers with their registered office in the country in which the contract was issued.

The increase in expenditure for contracted works was also reflected in a substantial increase in the number of external contractors working at Enel Green Power plants in 2014 and

the total number of contractor days involved in construction, operations and maintenance (+32.2%).

Full-time equivalents

	2014	2013	Change
Workforce of contractors	6,932	5,292	1,640

Number

	2014	2013	Change
<b>Days worked by employees of contractors and subcontractors</b>	<b>1,819,621</b>	<b>1,375,985</b>	<b>443,636</b>
in construction	1,324,106	903,684	420,422
in operations	148,655	143,819	4,836
in maintenance	346,860	328,482	18,378

# Performance and financial position by segment



With effect from April 24, 2014, the Group has adopted the following organizational structure:

- > Europe, which includes Iberia, as well as the countries previously included in the Italy and Europe area;
- > Latin America;
- > North America.

The criteria used to identify the operating segments in which the Group works are drawn, from among other things, from the way in which top management periodically reviews the results of the Group for the purpose of taking decisions on how to allocate resources to the segments and for assessing the results themselves.

More specifically, the following tables set out the operating segments in which the Group operates in Italy and abroad and the indicators used by Group management in analyzing segment results for 2014 and 2013 restated as reclassified on the basis of the new organizational structure pursuant to IFRS 8.

For each of the above segments, this section reports the information provided for in CONSOB Recommendation no. 0061493 of July 18, 2013 for renewable energy operators.

# Results by segment

## 2014

Millions of euro	Continuing operations				Discontinued operations		
	Europe	Latin America	North America	Eliminations and adjustments	Total	Retail	TOTAL
Revenue from third parties including commodity contracts measured at fair value	2,064	538	394	-	2,996	-	2,996
Revenue from transactions with other segments	65	-	-	(65)	-	-	-
<b>Total revenue including commodity contracts measured at fair value</b>	<b>2,129</b>	<b>538</b>	<b>394</b>	<b>(65)</b>	<b>2,996</b>	<b>-</b>	<b>2,996</b>
<b>Gross operating margin</b>	<b>1,464</b>	<b>202</b>	<b>276</b>		<b>1,942</b>	<b>(4)</b>	<b>1,938</b>
Depreciation, amortization and impairment losses	734	60	127	-	921	-	921
<b>Operating income</b>	<b>730</b>	<b>142</b>	<b>149</b>	<b>-</b>	<b>1,021</b>	<b>(4)</b>	<b>1,017</b>
<b>Capital expenditure</b>	<b>395</b>	<b>926</b>	<b>308</b>	<b>-</b>	<b>1,629</b>	<b>-</b>	<b>1,629</b>

## 2013 restated

Millions of euro	Continuing operations				Discontinued operations		
	Europe	Latin America	North America	Eliminations and adjustments	Total	Retail	TOTAL
Revenue from third parties including commodity contracts measured at fair value	1,950	408	363	-	2,721	138	2,859
Revenue from transactions with other segments	51	-	-	(51)	-	-	-
<b>Total revenue from third parties including commodity contracts measured at fair value</b>	<b>2,001</b>	<b>408</b>	<b>363</b>	<b>(51)</b>	<b>2,721</b>	<b>138</b>	<b>2,859</b>
<b>Gross operating margin</b>	<b>1,330</b>	<b>203</b>	<b>246</b>	<b>-</b>	<b>1,779</b>	<b>69</b>	<b>1,848</b>
Depreciation, amortization and impairment losses	510	62	107	-	679	8	687
<b>Operating income</b>	<b>820</b>	<b>141</b>	<b>139</b>	<b>-</b>	<b>1,100</b>	<b>61</b>	<b>1,161</b>
<b>Capital expenditure <sup>(1)</sup></b>	<b>436</b>	<b>608</b>	<b>203</b>	<b>-</b>	<b>1,247</b>	<b>-</b>	<b>1,247</b>

(1) Figure at December 31, 2013 does not include grants received in Greece for plants on which construction had not begun.

## Change

Millions of euro	Continuing operations				Discontinued operations		
	Europe	Latin America	North America	Eliminations and adjustments	Total	Retail	TOTAL
Revenue from third parties including commodity contracts measured at fair value	114	130	31	-	275	(138)	137
Revenue from transactions with other segments	14	-	-	(14)	-	-	-
<b>Total revenue including commodity contracts measured at fair value</b>	<b>128</b>	<b>130</b>	<b>31</b>	<b>(14)</b>	<b>275</b>	<b>(138)</b>	<b>137</b>
<b>Gross operating margin</b>	<b>134</b>	<b>(1)</b>	<b>30</b>	<b>-</b>	<b>163</b>	<b>(73)</b>	<b>90</b>
Depreciation, amortization and impairment losses	224	(2)	20	-	242	(8)	234
<b>Operating income</b>	<b>(90)</b>	<b>1</b>	<b>10</b>	<b>-</b>	<b>(79)</b>	<b>(65)</b>	<b>(144)</b>
<b>Capital expenditure</b>	<b>(41)</b>	<b>318</b>	<b>105</b>	<b>-</b>	<b>382</b>	<b>-</b>	<b>382</b>



# Europe

## Operations

### Net installed capacity and net electricity generation

	Net installed capacity (MW)			Number of plants		
	2014	2013	Change	2014	2013	Change
Hydroelectric	1,575	1,575	-	302	302	-
Geothermal	761	723	38	34	33	1
Wind	3,201	3,387	(186)	159	172	(13)
Solar	269	221	48	83	67	16
Cogeneration	-	37	(37)	-	15	(15)
Biomass	39	23	16	5	3	2
<b>Total</b>	<b>5,845</b>	<b>5,966</b>	<b>(121)</b>	<b>583</b>	<b>592</b>	<b>(9)</b>
- Italy	3,115	3,057	58	407	397	10
- Iberia	1,836	1,857	(21)	110	126	(16)
- Romania	534	534	-	13	13	-
- Greece	308	290	18	50	42	8
- France	-	186	(186)	-	12	(12)
- South Africa	10	-	10	1	-	1
- Bulgaria	42	42	-	2	2	-

Net installed capacity contracted by 121 MW, mainly attributable to the disposal of wind capacity in France (186 MW at December 31, 2013, 196 MW at the disposal date) and the decommissioning of a number of cogeneration plants in Portugal (37 MW), partly offset by the increase in solar capacity following the acquisition of control of Enel Green Power Solar Energy (48 MW).

Excluding these developments, net installed capacity increased by 54 MW, mainly attributable to the increase in geothermal capacity (38 MW) in Italy and biomass capacity (16 MW) in Spain.

Note that the table above does not include the installed capacity of companies accounted for using the equity method. As regards the ENEOP consortium in Portugal, the shareholders have agreed to split its assets among themselves. Once this is completed, about 500 MW of additional capacity is expected to be consolidated, presumably in the 2nd Quarter of 2015.

	Electricity generation (GWh)			Average installed capacity (MW)		
	2014	2013	Change	2014	2013	Change
Hydroelectric	7,352	6,753	599	1,574	1,582	(8)
Geothermal	5,547	5,301	246	730	724	6
Wind	7,349	7,527	(178)	3,377	3,363	14
Solar	306	226	80	242	186	56
Cogeneration	-	191	(191)	-	37	(37)
Biomass	116	114	2	24	23	1
<b>Total</b>	<b>20,670</b>	<b>20,112</b>	<b>558</b>	<b>5,947</b>	<b>5,915</b>	<b>32</b>
- Italy	14,108	13,226	882	3,070	3,049	21
- Iberia	4,359	4,792	(433)	1,821	1,848	(27)
- Romania	1,268	1,081	187	534	510	24
- Greece	497	565	(68)	299	287	12
- France	347	362	(15)	176	179	(3)
- South Africa	8	-	8	5	-	5
- Bulgaria	83	86	(3)	42	42	-

Electricity generation in 2014 expanded for all the main generation technologies with the exception of wind and co-generation, the latter following the total decommissioning of cogeneration plants (191 GWh).

The expansion of output in the hydroelectric (599 GWh) and geothermal (246 GWh) sectors, with no change in installed capacity, reflects increased resource availability in Italy and

an improvement in plant efficiency.

The increase in solar output in Italy (45 GWh) and Romania (25 GWh) reflects the expansion of installed capacity.

By contrast, wind generation contracted in Iberia (219 GWh), Greece (74 GWh) and Italy (29 GWh) owing to a decline in resource availability, partly offset by the expansion in Romania (162 GWh) as plants came fully on line.

## Plants not yet in service

Plants under construction						
	MW			Number of plants		
	2014	2013	Change	2014	2013	Change
Geothermal	-	38	(38)	-	2	(2)
Wind	20	30	(10)	2	2	-
Solar	149	-	149	2	-	2
Biomass	21	15	6	5	1	4
<b>Total</b>	<b>190</b>	<b>83</b>	<b>107</b>	<b>9</b>	<b>5</b>	<b>4</b>
- Italy	41	65	(24)	7	4	3
- France	-	18	(18)	-	1	(1)
- South Africa	149	-	149	2	-	2

The main plants under construction in Italy regarded the biomass, wind and hydroelectric sectors, mainly the Finale Emilia (15 MW) and Cornia 2 (5 MW) biomass projects, and the San Vito dei Normanni (12 MW) and Barile Venosa (8 MW) wind projects.

In the Europe area, the main plants under construction involve the solar sector in South Africa (2 projects for a total of 149 MW).

Plants authorized						
	MW			Number of plants		
	2014	2013	Change	2014	2013	Change
Hydroelectric	8	1	7	12	6	6
Wind	199	-	199	2	-	2
Solar	165	-	165	2	3	(1)
Biomass	-	1	(1)	-	-	-
<b>Total</b>	<b>372</b>	<b>2</b>	<b>370</b>	<b>16</b>	<b>9</b>	<b>7</b>
- Italy	8	2	6	12	9	3
- South Africa	364	-	364	4	-	4

The main authorized projects in Italy regard hydroelectric refurbishing projects. In South Africa, the main authorized plants are in the wind and solar sectors (2 wind projects for a total of 199 MW and 2 solar projects for a total of 165 MW).

# Performance and financial position

Millions of euro

	2014	2013 restated	Change
Revenue from third parties including commodity contracts measured at fair value	2,064	1,950	114
Revenue from transactions with other segments	65	51	14
<b>Total revenue from third parties including commodity contracts measured at fair value</b>	<b>2,129</b>	<b>2,001</b>	<b>128</b>
<b>Gross operating margin</b>	<b>1,464</b>	<b>1,330</b>	<b>134</b>
<b>Operating income</b>	<b>730</b>	<b>820</b>	<b>(90)</b>
Employees at period end (no.)	2,392	2,381	11
Capital expenditure <sup>(1)</sup>	395	436	(41)

(1) Figure at December 31, 2013 excludes value of grants received in Greece for plants on which construction had not yet begun.

**Revenue from third parties including commodity contracts measured at fair value** amounted to €2,064 million, an increase of €114 million compared with 2013 (5.9%), due to the increase in other revenue (€269 million), which more than offset the decline in revenue from electricity sales (€155 million), mainly in Iberia as a result of the new remuneration levels envisaged in Royal Decree Law 9/2013 for the purpose of calculating revenue from electricity sales in Spain.

The increase in other revenue (€269 million) mainly reflects the settlement agreement with INE (the Salvadoran State energy company), which also involved the disposal of the interest in LaGeo (€123 million), the disposal of Enel Green Power France (€31 million) and the recognition of the indemnity provided for in the off-take agreement with Sharp regarding the output of the 3SUN factory (€95 million).

The **gross operating margin** amounted to €1,464 million, an increase of €134 million compared with 2013 restated (10.1%) in line with developments in revenue. The rise also reflected the decline in costs for the purchase of fuels (€28 million) following the total decommissioning of cogeneration operations and the reduction in taxes on renewables generation in Spain and Greece as a result of the decline in revenues from electricity sales (€17 million), partly offset by the increase in costs for electricity purchases in Romania (€12 million) and other costs in Italy (€23 million).

**Operating income** amounted to €730 million, a decrease of €90 million compared with 2013 restated (-11.0%), reflecting the net impact of the rise in the gross operating margin and the recognition of the impairment losses on the Enel Green Power Hellas CGU following impairment testing of goodwill at December 31, 2014 of €181 million, with a total impact of €231 million on net income.

## Employees at the end of the year

Number	2014	2013	Change
<b>Europe</b>	<b>2,392</b>	<b>2,381</b>	<b>11</b>
Italy	1,972	1,927	45
France	-	54	(54)
Greece	88	79	9
Romania	62	58	4
South Africa	30	-	30
Bulgaria	7	7	-
Spain	201	202	(1)
Portugal	27	51	(24)
Netherlands	5	3	2

The workforce in the Europe area showed a net increase of 11 compared with 2013 (+0.5%), with the largest expansion coming in Italy and South Africa, partly offset by the reduc-

tion in personnel as a result of the disposal of the French companies.

## Capital expenditure

**Capital expenditure** in 2014 amounted to €395 million (€436 million in 2013 restated), of which €312 million in Italy (€323 million in 2013 restated) and €83 million in the rest of Europe (€113 million in 2013 restated).

Investments in Italy mainly regarded the construction of geothermal plants in the amount of €161 million (€174 million in 2013 restated), hydroelectric plants in the amount of €77 million (€57 million in 2013 restated) and biomass plants in the amount of €30 million (€3 million in 2013 restated).

In the rest of Europe, capital expenditure primarily regarded the construction of wind farms in France totaling €27 million (€15 million in 2013 restated), Iberia totaling €14 million (€35 million in 2013 restated), South Africa in the amount of €8 million (none in 2013 restated) and Romania totaling €7 million (€29 million in 2013 restated), as well as solar plants in South Africa in the amount of €14 million (none in 2013 restated).

## Operations of the Parent Company

### Net installed capacity and net electricity generation

Generation technology	Net installed capacity (MW)			Number of plants		
	2014	2013	Change	2014	2013	Change
Hydroelectric	1,512	1,512	-	279	279	-
Geothermal	761	723	38	34	33	1
Wind	610	564	46	28	27	1
Solar	91	85	6	31	30	1
<b>Total</b>	<b>2,974</b>	<b>2,884</b>	<b>90</b>	<b>372</b>	<b>369</b>	<b>3</b>

Enel Green Power SpA's generation assets comprise 372 plants installed (369 plants at December 31, 2013), with a total capacity of 2,974 MW (2,884 MW at December 31, 2013).

The increase in installed capacity on the previous year reflects the construction of the new Bagnore 4 geothermal

plant (38 MW) and the acquisition of the Enel Green Power Cutro Srl wind plant (46 MW) and the Enel Green Power Canaro Srl solar plant (6 MW), companies that were merged into Enel Green Power SpA with effect as from December 1, 2014.

## Hydroelectric

Including plants operated directly and those operated by concession holders, Enel Green Power SpA currently has 279 hydroelectric plants in Italy with a total capacity of 1,512 MW, with a major commitment to ensuring the safety and maintenance of the civil and mechanical works making up the facilities.

At December 31, 2014, Enel Green Power SpA had 50 hydroelectric plants that qualify as “renewable resource powered” (IAFR) facilities under ESO criteria following new construction, reactivation, repowering and refurbishment works. As such they are eligible to participate in the green certificates incentive mechanism pursuant to Legislative Decree 28/2011, as amended. We also have 1 plant undergoing qualification for the new incentive mechanism for renewable generation plants (Ministerial Decree of July 6, 2012).

## Geothermal

Enel Green Power SpA currently operates 34 geothermal plants in Val di Cecina and the Amiata area (Tuscany) with a total capacity of 761 MW. They provide district heating to some 61 customers, geothermal heat for 28.6 hectares of greenhouses and electricity totaling more than 5 billion kWh a year, equal to the average consumption of about 2.5 million Italian households.

At December 31, 2014, Enel Green Power SpA had 22 geothermal plants that qualify as IAFR facilities under ESO criteria following new construction, reactivation, repowering and refurbishment works. As such they are eligible to participate in the green certificates incentive mechanism pursuant to Legislative Decree 28/2011, as amended. We also have 2 plants undergoing qualification for the new incentive mechanism for renewable generation plants (Ministerial Decree of July 6, 2012).

## Wind

At December 31, 2014, Enel Green Power SpA operated 28 wind plants with a total capacity of 610 MW.

All of our wind plants in operation qualify as IAFR facilities under ESO criteria and are therefore eligible to participate in the green certificates incentive mechanism pursuant to Legislative Decree 28/2011, as amended.

## Solar

Enel Green Power SpA operates 31 photovoltaic plants with a total capacity of 91 MW. Most of the photovoltaic plants are eligible for the subsidized tariffs mechanism (“Energy Account”).

Generation technology	Net generation (TWh)			Average installed capacity (MW)		
	2014	2013	Change	2014	2013	Change
Hydroelectric	7,197	6,559	638	1,512	1,512	-
Geothermal	5,548	5,301	247	730	723	7
Wind	1,010	958	52	609	563	46
Solar	112	87	25	91	76	15
<b>Total</b>	<b>13,867</b>	<b>12,905</b>	<b>962</b>	<b>2,942</b>	<b>2,874</b>	<b>68</b>

Output increased by 7.5%, mainly accounted for by a rise in hydroelectric and geothermal generation, which were up 9.7% and 4.7% respectively, thanks to greater resource availability.

Wind output rose by 5.4% thanks to the merger of Enel Green Power Cutro Srl into the Parent Company (net generation of 86 GWh), partly offset by a decrease in wind availability.

The increase in solar output, equal to 28.4%, was due to the better performance of plants and the merger of Enel Green Power Canaro Srl into the Parent Company (net generation of 7 GWh).

## Plants not yet in service

Generation technology	Plants under construction						Plants authorized					
	MW			Number of plants			MW			Number of plants		
	2014	2013	Change	2014	2013	Change	2014	2013	Change	2014	2013	Change
Wind	20	12	8	2	1	1	-	-	-	-	-	-
Biomass	6	-	6	3	-	3	-	1	(1)	-	3	(3)
Hydroelectric	-	-	-	3	-	3	7	1	6	12	6	6
Geothermal	-	38	(38)	-	2	(2)	-	-	-	-	-	-
<b>Total</b>	<b>26</b>	<b>50</b>	<b>(24)</b>	<b>8</b>	<b>3</b>	<b>5</b>	<b>7</b>	<b>1</b>	<b>6</b>	<b>12</b>	<b>9</b>	<b>3</b>

Plants under construction mainly comprise the San Vito dei Normanni wind project (12 MW) and Barile Venosa wind project (8 MW), as well as the Cornia 2 biomass project (5 MW).

## Capital expenditure of the Parent Company

Millions of euro

	2014	2013	Change
<b>Generation plants:</b>			
- geothermal	164	178	(14)
- hydroelectric	79	59	20
- wind	15	18	(3)
- biomass	6	-	6
- solar	5	37	(32)
<b>Other operating investments</b>	<b>10</b>	<b>14</b>	<b>(4)</b>
<b>Total</b>	<b>279</b>	<b>306</b>	<b>(27)</b>

Capital expenditure on geothermal plants, including capitalized borrowing costs of €10 million in 2014 (€13 million in 2013), was mainly accounted for by the construction of the new Bagnore 4 plant, which entered service at the end of 2014 (38 MW), the activities associated with the restructuring of the Piancastagnaio area, which were begun in 2012, with both mining and plant initiatives to recoup the productive potential of the geothermal plants in the area. Work also continued with the "Steam Recovery" project, which involves the drilling of new geothermal wells and/or the restoration of existing wells in order to recovery steam to enable the full operation of the existing geothermal plants, which have been impacted by the natural decline of the geothermal field.

Capital expenditure in 2014 also included maintenance of operating plants, including the installation of new AMIS systems (Abatement of Mercury and Hydrogen Sulfide) and the purchase of a new drilling plant.

Work on hydroelectric plants included the renovation of the San Pellegrino, Mura and San Pietro d'Orzio (Lombardy), Castel Giubileo, San Savino and Vadocusano (Lazio), Villa

Potenza and Carassai (Marche), Bognanco and Alpignano (Piedmont), Arson, Caerano and Castelviero (Veneto), Bologniano (Abruzzo), Coscile II (Calabria) and Ponte Annibale (Campania) plants, the refurbishment of the Riolunato dam (Tuscany) and maintenance of other operating plants.

Capital expenditure on solar plants was mainly accounted for by the completion of the facilities at Serre Persano, Interporto and Capriati (Campania), Catania, Rosolini and Barrafranca (Sicily), Casoli (Abruzzo) and Sesto Campano (Molise). Capital expenditure on wind farms mainly involved completion of works at the existing plants of Portoscuso in Sardinia, Potenza Pietragalla in Basilicata and Cutro in Calabria and the continuation of construction of the San Vito dei Normanni plant in Puglia.

Expenditure on biomass plants mainly regarded the repowering of the Cornia 2 geothermal plant in Tuscany with biomass, and the completion of the Mongiana and San Nicola da Crissa plants in Calabria.

Overall, in 2014 capital expenditure on generation plants produced an increase in capacity of 38.2 MW (38 MW for geothermal plants and 0.2 MW for hydroelectric plants).



Capital expenditure on generation plants totaled €269 million (€292 million in 2013) and breaks down by purpose as shown in the following table.

Millions of euro

	2014	2013	Change
<b>Expenditure by purpose</b>			
Renovation <sup>(1)</sup>	61	96	(35)
Maintenance <sup>(2)</sup>	128	104	24
New plants	80	92	(12)
<b>Total</b>	<b>269</b>	<b>292</b>	<b>(23)</b>

(1) "Renovation" refers to the transformation of existing plants.

(2) "Maintenance" refers to the improvement, the modernization and, possibly, the development of existing plants, work related to safety, environmental or other statutory requirements and regulatory instructions.

## Significant events<sup>(15)</sup>

The following significant events in the Europe area supplement those already reported in the main "Significant events" section.

### Enel Green Power and SECI present the PowerCrop project of Russi at Confindustria Ravenna

March 20, 2014 - Enel Green Power and SECI Energia presented the plans for a new PowerCrop biomass plant located in the town of Russi.

The Russi plant, which will be built in an industrial area previously occupied by the Eridania sugar refinery, will involve an investment of €126 million and create more than 300 direct and indirect jobs, in addition to the 200 workers who will be building the plant. The biomass plant, with an installed capacity of 30 MW, will be fuelled by chipped virgin wood sourced locally, with an annual requirement of about 270 thousand metric tons of fuel. The biogas plant, with a capacity of 1 MW, will require an annual volume of 18 thousand metric tons of corn silage and 26 thousand metric tons of pig manure from local producers, avoiding disposal in the area.

### Enel Green Power: first photovoltaic plant in South Africa comes on line

May 21, 2014 - Enel Green Power connected South Africa's first photovoltaic plant, located in Upington (in the Khara Hais municipality in the Northern Cape province), to the country's electricity grid.

The new plant, which has a total installed capacity of 10 MW, will be capable of generating up to 20 million kWh per year once fully operational. This corresponds to the annual electricity needs of about 1,000 South African households. The clean energy generated by the Upington plant means that around 10 thousand metric tons of CO<sub>2</sub> emissions can be avoided each year.

### Financial restructuring of the North America subsidiaries<sup>(16)</sup>

December 17, 2014 - The Board of Directors of Enel Green Power approved the financial restructuring of the North American companies Enel Green Power North America Inc. and Enel Green Power North America Development Inc., which are directly and indirectly controlled by Enel Green Power International BV (EGPI BV) and indirectly by the Parent Company, in order to optimize the leverage of the North American group.

The operation was implemented through the conversion of part of the equity of the two North American companies into debt, mainly using a short-term credit line granted by Enel Green Power SpA (through two loan agreements with Enel Green Power North America and Enel Green Power North America Development totaling €535 million).

The operation resulted in:

(15) The reference date is the date of the associated press release.

(16) The reference date is the date of the Board of Directors meeting of Enel Green Power SpA.

- > the repayment by the North American companies to EGPI BV of equity reserves totaling €652 million with the concomitant reduction in the value of the equity investments of the parent company of the two North American companies;
- > the repayment by EGPI BV to its parent company, Enel Green Power SpA, of equity reserves and the concomitant reduction in the value of Enel Green Power SpA's equity investment in EGPI BV in the amount of €652 million.

## Latin America

### Operations

#### Net installed capacity and net electricity generation

	Net installed capacity (MW)			Number of plants		
	2014	2013	Change	2014	2013	Change
Hydroelectric	732	732	-	33	33	-
Wind	830	432	398	17	8	9
Solar	136	-	136	4	1	3
<b>Total</b>	<b>1,698</b>	<b>1,164</b>	<b>534</b>	<b>54</b>	<b>42</b>	<b>12</b>
- Panama	300	300	-	1	1	-
- Mexico	297	197	100	7	6	1
- Guatemala	163	163	-	5	5	-
- Chile	507	272	235	8	4	4
- Brazil	376	177	199	30	23	7
- Costa Rica	55	55	-	3	3	-

Net installed capacity expanded by 534 MW, essentially accounted for by wind capacity in Brazil (198 MW, mainly attributable to the 1st Quarter of 2014), Chile (99 MW) and

Mexico (100 MW in the 3rd Quarter of 2014). The increase in net installed solar capacity is entirely attributable to Chile (136 MW).

	Electricity generation (GWh)			Average installed capacity (MW)		
	2014	2013	Change	2014	2013	Change
Hydroelectric	3,188	3,108	80	732	732	-
Wind	1,238	718	520	430	241	189
Solar	28	-	28	27	-	27
<b>Total</b>	<b>4,454</b>	<b>3,826</b>	<b>628</b>	<b>1,189</b>	<b>973</b>	<b>216</b>
- Panama	1,125	1,220	(95)	300	300	-
- Mexico	845	650	195	230	197	33
- Guatemala	719	665	54	164	164	-
- Chile	955	623	332	324	164	160
- Brazil	595	501	94	116	93	23
- Costa Rica	215	167	48	55	55	-

Electricity output 2014 increased essentially owing to greater wind generation in Chile, Mexico and Brazil and in hydroelectric output in Mexico, Guatemala and Costa Rica, which

more than offset the decline in hydroelectric generation in Panama.

## Plants not yet in service

### Plants under construction

	MW			Number of plants		
	2014	2013	Change	2014	2013	Change
Hydroelectric	152	50	102	4	1	3
Wind	403	499	(96)	7	10	(3)
Solar	31	36	(5)	3	1	2
<b>Total</b>	<b>586</b>	<b>585</b>	<b>1</b>	<b>14</b>	<b>12</b>	<b>2</b>
- Chile	79	135	(56)	2	2	-
- Mexico	202	202	-	2	2	-
- Costa Rica	50	50	-	1	1	-
- Brazil	193	198	(5)	7	7	-
- Panama	12	-	12	1	-	1
- Uruguay	50	-	50	1	-	1

The main plants under construction are in Brazil in the wind sector (Dois Riachos 30 MW and Damascena-Maniçoba 60 MW) and hydroelectric sector (Apiacás 102 MW), in Chile in the wind sector (Talinay II 61 MW) and solar sector (Lackama II 18 MW), in Costa Rica in the hydroelectric sec-

tor (Chucás 50 MW), in Mexico in the wind sector (Sureste 102 MW and Dominica II 100 MW), in Panama in the solar sector (Chiriquí 12 MW) and in Uruguay in the wind sector (Melowind 50 MW).

### Plants authorized

	MW			Number of plants		
	2014	2013	Change	2014	2013	Change
Hydroelectric	-	102	(102)	-	3	(3)
Wind	52	-	52	2	-	2
Solar	347	61	286	5	2	3
<b>Total</b>	<b>399</b>	<b>163</b>	<b>236</b>	<b>7</b>	<b>5</b>	<b>2</b>
- Chile	360	60	300	4	1	3
- Brazil	39	103	(64)	3	4	(1)

The main plants authorized are in Brazil in the wind sector (Esperança 28 MW) and the solar sector (Pernambuco 11 MW) and in Chile in the wind sector (Los Buenos Aires 24

MW) and solar sector (Finis Terrae 160 MW, Carrera Pinto 97 MW and Pampa Norte 79 MW).

## Performance and financial position

Millions of euro

	2014	2013 restated	Change
Revenue from third parties including commodity contracts measured at fair value	538	408	130
Revenue from transactions with other segments	-	-	-
<b>Total revenue including commodity contracts measured at fair value</b>	<b>538</b>	<b>408</b>	<b>130</b>
<b>Gross operating margin</b>	<b>202</b>	<b>203</b>	<b>(1)</b>
<b>Operating income</b>	<b>142</b>	<b>141</b>	<b>1</b>
Employees at period end (no.)	875	751	124
Capital expenditure	926	608	318

**Revenue from third parties including commodity contracts measured at fair value** amounted to €538 million, an increase of €130 million (taking account of exchange rate losses of €10 million) mainly attributable to an increase in revenue from electricity sales (€137 million) mainly in Brazil (€66 million), Chile (€34 million) and Panama (€24 million).

The **gross operating margin** amounted to €202 million, in line with the previous year (€203 million in 2013 restated), taking account of exchange rate gains of €1 million.

The increase in revenue (€130 million) was offset by an increase in costs for electricity purchases (€121 million), mainly in Brazil due to delays in the construction of the interconnector, which was resolved in the 4th Quarter of 2014, in Chile and in Panama.

Note that in the 1st Quarter of 2014, an agreement was reached with the Panamanian government to offset the adverse effects of the non-production of energy and consequent purchase of that missing power after March 1, 2014. The agreement does not provide for the recovery of the decline in the margin posted in 2013 and the first two months of 2014.

**Operating income** amounted to €142 million, essentially in line with 2013 restated (€141 million). The increase in depreciation associated with the expansion of installed capacity in Chile, Brazil and Mexico was more than offset by a reduction in impairment losses on a number of projects, mainly in Nicaragua, recognized in 2013 restated.

## Employees at the end of the year

Number	2014	2013	Change
<b>Latin America</b>	<b>875</b>	<b>751</b>	<b>124</b>
Brazil	269	227	42
Chile	178	127	51
Colombia	3	3	-
Peru	7	4	3
Costa Rica	78	80	(2)
El Salvador	1	4	(3)
Guatemala	117	116	1
Mexico	121	98	23
Uruguay	5	-	5
Panama	96	92	4

The workforce of the Latin America area increased by a total of 124 personnel, or 16.5%. The rise was due in particular to the significant increases posted in Mexico, Chile and Brazil, in line with the expansion of operations in those countries.

## Capital expenditure

**Capital expenditure** in 2014 amounted to €926 million (€608 million in 2013 restated) and mainly regarded the

construction of wind farms in Mexico in the amount of €242 million (€80 million in 2013 restated), Brazil in the amount of €165 million (€308 million in 2013 restated) and Chile in the amount of €165 million (€149 million in 2013 restated), as well as solar plants in Chile in the amount of €198 million (€9 million in 2013 restated) and hydroelectric plants in Brazil in the amount of €55 million (€20 million in 2013 restated) and Costa Rica in the amount of €48 million (€16 million in 2013 restated).

## Significant events <sup>(17)</sup>

The following significant events in the Latin America area supplement those already reported in the main “Significant events” section.

### Enel Green Power awarded long-term electricity supply contracts in Brazil

January 2, 2014 - Enel Green Power was awarded long-term electricity supply contracts in Brazil as part of the Pernambuco Solar Tender with two photovoltaic projects that will have a total capacity of 11 MW. The two plants will be located adjacent to each other in the State of Pernambuco, in north-eastern Brazil. Once in service, the plants will be able to generate more than 17 GWh a year.

### Enel Green Power signs loan agreement with BBVA in Chile

January 7, 2014 - Enel Green Power, acting through its subsidiary Enel Green Power Chile Ltda, concluded an agreement with Banco Bilbao Vizcaya Argentaria Chile for a \$150 million loan to be used to partially cover its investment plan for the next few years in Chile. Of the total amount of the 5-year loan, \$100 million was disbursed in December 2013 (with the remainder disbursed in February 2014). The loan bears an interest rate in line with the market benchmark

and is secured by a parent company guarantee issued by Enel Green Power.

### Enel Green Power signs loan agreement with BBVA in Mexico

January 7, 2014 - Enel Green Power, acting through its subsidiary Enel Green Power México S de RL de Cv, concluded an agreement with Banco Bilbao Vizcaya Argentaria Bancomer for a \$150 million loan to be used to partially cover its investment plans in Mexico. The 5-year loan, disbursed in 2013, has an interest rate in line with the market benchmark and is secured by a parent company guarantee issued by Enel Green Power.

### First wind farm in Brazil completed

February 17, 2014 - Enel Green Power completed construction of its first wind farm in Brazil, in the town of Morro do Chapéu in Bahia. Primavera, the new wind farm, is composed of thirteen 2.3 MW wind turbines, for a total installed capacity of 30 MW, and is capable of generating over 145 million kWh per year.



(17) The reference date is the date of the associated press release.

## Second wind farm in Brazil completed

March 5, 2014 - Enel Green Power completed construction of its second wind farm in Brazil, in the town of Morro do Chapéu in Bahia at the Cristal wind power complex. São Judas, the new wind farm, is composed of thirteen 2.3 MW wind turbines, for a total installed capacity of 30 MW, and is capable of generating over 145 million kWh per year.

## Work begins on innovative plant in Chile

April 1, 2014 - Enel Green Power has started work on the construction of an innovative power plant in Ollagüe, Chile, close to the Bolivian border. The plant comprises a photovoltaic system, a mini-wind generator and a cogeneration system for producing both electricity and hot water for the village school. The plant will have an installed capacity of 232 kW and generate some 460 MWh a year, equivalent to the electricity consumption of 150 households. The power plant will be stand-alone, i.e. it will not be connected to the national grid, and will also include a 520 kWh electrochemical storage system that can meet all the technical needs of the network. Thanks to this project, local residents will finally be able to enjoy electricity 24 hours a day.

## Cristal wind farm completed in Brazil

April 9, 2014 - Enel Green Power completed work on the third and final wind plant at the Cristal wind power facility in the town of Morro do Chapéu, in the State of Bahia, Brazil. The new Cristal plant is composed of 13 2.3-MW turbines, with an overall installed capacity of 30 MW, and can generate more than 145 million kWh of power a year.

The Cristal facility therefore now has a total installed capacity of 90 MW and can generate more than 400 million kWh of power a year. The construction of the Cristal facility involved a total investment of about €165 million.

With the new wind farm, Enel Green Power now has an installed capacity of more than 260 MW in Brazil, of which more than 90 MW of hydroelectric capacity.

## Enel Green Power and IFC sign agreement for \$200 million loan for the development of renewables in Brazil

May 15, 2014 - Enel Green Power SpA, acting through its Brazilian subsidiary Enel Brasil Participações Ltda, the holding company for the Brazilian subsidiaries of the Enel Green Power Group, and IFC, a member of the World Bank Group, have signed a \$200 million loan agreement. The loan will help finance the construction of over 300 MW of wind power in the States of Bahia, Pernambuco and Rio Grande do Norte, located in north-eastern Brazil.

The IFC 10-year term loan bears an interest rate in line with the market benchmark and is secured by a parent company guarantee issued by Enel Green Power.

## Enel Green Power begins construction on two photovoltaic plants in Chile

May 20, 2014 - Enel Green Power has begun construction on two photovoltaic plants (Lalackama and Chañares) located in northern Chile.

Lalackama, with an installed capacity of 60 MW, will be capable of generating up to 160 GWh per year once fully up and running. The new plant is expected to require around \$110 million to build.

The Chañares plant, with an installed capacity of 40 MW, will be capable of generating up to 94 GWh per year once fully up and running. The new plant is expected to require around \$70 million to build. Both projects have power supply contracts to sell the electricity generated on the regulated market.

## Enel Green Power begins construction of its first wind farm in Uruguay

July 28, 2014 - Enel Green Power began construction of its first wind farm in Uruguay. Called Melowind, it is located in the Cerro Largo area, about 320 kilometers from the capital, Montevideo.

With 50 MW of installed capacity, the wind farm, once completed, will be able to generate more than 200 million kWh of power per year, avoiding the atmospheric emission of more than 62 thousand metric tons of CO<sub>2</sub>. Melowind will have a load factor of more than 47%, equivalent to more than 4,100 hours of generation a year. The new wind farm will involve a planned investment of about \$98 million. The



electricity produced by the new wind farm will be sold to UTE (Administración Nacional de Usinas y Trasmisiones Eléctricas), the State company for the transmission, distribution and sale of electricity in Uruguay, under a 20-year power purchase agreement that has already been signed.

## Enel Green Power begins construction of Talinay Poniente wind farm in Chile

September 16, 2014 - Enel Green Power began construction of the new wind farm "Talinay Poniente", which will be composed of 32 wind turbines for a total installed capacity of 61 MW.

Once fully up and running the wind farm will be able to generate up to over 160 GWh per year, the equivalent of the electricity needs of about 60 thousand Chilean households, and thereby avoiding the emission of over 130 thousand metric tons of CO<sub>2</sub> into the atmosphere. The new wind farm is scheduled to come on line in the 1st Half of 2015. The total investment required to build the new plant amounts to about \$140 million. The project is supported by a contract to supply energy to regulated-market customers. The contract was awarded in November 2013 following a tender, carried out for Chile's Central Region Transmission Network (SIC) by a total of 26 distributors. The energy generated by the wind farm will be delivered to SIC's transmission grid. The wind farm is located in the Coquimbo region, across from the Talinay Oriente wind farm (90 MW), which has been operating since 2013.

## Enel Green Power begins work on new photovoltaic plant in Chile

October 16, 2014 - Enel Green Power started work on the construction of Lalackama II, the company's fourth photovoltaic plant in Chile.

With a capacity of 19 MW, once fully up and running the Lalackama II plant will be capable of generating over 50 GWh per year, equivalent to the power consumption needs of about 30 thousand Chilean households, therefore avoiding the emission into the atmosphere of over 30 thousand metric tons of CO<sub>2</sub>.

The Lalackama II solar power plant will be constructed in the municipality of Taltal, Antofagasta region, about 950 km north of Santiago. The facility, which will cover an area of some 40 hectares, is an extension of the original Lalackama project, currently at its completion stage. Lalackama II will bring the total installed capacity of the photovoltaic plant

to an approximate 79 MW.

The total investment required to build the new power plant is about \$32 million.

Lalackama II is supported by a power supply contract to sell energy to private customers.

## Enel Green Power and DCNS to develop groundbreaking marine energy R&D facility in Chile

October 29, 2014 - Enel Green Power and DCNS were selected by the Chilean government's economic development organization CORFO (*Corporación de Fomento de la Producción*) to set up a groundbreaking global center for marine energy R&D excellence in the country, named Marine Energy Research and Innovation Centre (MERIC).

The Centre will be supported by a contribution of approximately \$20 million in cash and loans, 65% of which will come from CORFO. MERIC's applied research and development work will focus on key sources of marine renewable energy such as tidal power and wave power.

Enel Green Power and DCNS will bring their respective strengths to MERIC. Enel Green Power is a world leader in the renewable energy sector. It will contribute to MERIC giving the point of view of the end user by highlighting the most important factors in the installation, operation and maintenance of marine power plants in order to secure safe, sustainable and profitable projects. DCNS is a major player in marine renewable energy systems with a significant track record as well as technical expertise in tidal, wave, offshore wind and thermal energy conversions, and brings valuable experience in naval and marine industrial project management and methodology. In addition, MERIC will be supported by the resources and substantial expertise of the Chilean development organization, Fundación Chile, the R&D foundation INRIA Chile, research institutions Pontificia Universidad Católica de Chile, and Universidad Austral de Chile, as well as Enel Group's subsidiaries Chilectra and Endesa Chile. From 2019 onwards, MERIC is expected to have a consolidated infrastructure and experience which would allow to provide services to local and international industry who wish to test MRE technologies in the Chilean marine environment.

## Enel Green Power starts operation of its largest wind farm in Chile

December 4, 2014 - Enel Green Power has completed construction on Taltal, its largest wind farm in Chile, and has

connected it to the grid. Located in the Taltal district of the region of Antofagasta, the wind farm is composed of thirty-three 3 MW wind turbines, for a total installed capacity of 99 MW.

The wind farm is capable of generating more than 300 GWh per year, equal to the energy needs of around 170 thousand Chilean households, thereby avoiding the atmospheric emission of over 200 thousand metric tons of CO<sub>2</sub>.

Construction involved a total investment of around \$190 million.

The project is accompanied by a 20-year power purchase agreement (PPA). The electricity generated will be delivered to Chile's Central Region Transmission Network (SIC).

## Enel Green Power and Itaú Unibanco agree \$100 million to finance development of renewables in Brazil

December 11, 2014 - Enel Green Power, acting through its Brazilian subsidiary Enel Brasil Participações Ltda ("Enel Brazil"), and Itaú Unibanco SA ("Itaú"), a Brazilian bank, signed a 10-year term loan agreement for over 260 million Brazilian Reals (about \$100 million). The loan with Itaú, arranged by the International Finance Corporation (IFC), will cover part of the investment to build over 260 MW of wind power in the States of Bahia, Pernambuco and Rio Grande do Norte, located in north-eastern Brazil. The loan announced today

comes on top of the \$200 million loan, linked to the Brazilian real, closed in May 2014 with the IFC, to support Enel Green Power's wind power development projects in those States. The loan with Itaú was agreed on the same terms as IFC's \$200 million loan; it bears an interest rate in line with the market benchmark.

## Three new photovoltaic plants in Chile

December 29, 2014 - Enel Green Power has completed two new photovoltaic plants in Chile, Lalackama and Chañares, which are now connected the grid. Work on the plants had begun in the 1st Half of 2014.

The solar parks, located in the regions of Antofagasta and Atacama, with an overall installed capacity of 136 MW, required a total investment of some \$240 million.

Enel Green Power has also brought an additional 4 MW online at the Diego de Almagro plant. The latter plant has a total installed capacity of 36 MW and consists of about 225 thousand thin-film modules manufactured in the Enel Green Power factory in Catania, Sicily. The solar park is capable of generating up to 80 GWh a year, equivalent to the consumption needs of about 45 thousand Chilean households, thus avoiding the emission into the atmosphere of over 50 thousand metric tons of CO<sub>2</sub>. Building the solar park required an investment of some \$60 million.

## North America

### Operations

#### Net installed capacity and net electricity generation

	Net installed capacity (MW)			Number of plants		
	2014	2013	Change	2014	2013	Change
Hydroelectric	317	317	-	63	63	-
Wind	1,666	1,266	400	29	27	2
Geothermal	72	72	-	3	3	-
Biomass	-	-	-	-	1	(1)
Solar	28	28	-	3	2	1
<b>Total</b>	<b>2,083</b>	<b>1,683</b>	<b>400</b>	<b>98</b>	<b>96</b>	<b>2</b>

Net installed capacity increase by 400 MW on December 31, 2013, essentially due to the acquisition of control of the wind farms of Buffalo Dunes Wind Project (250 MW) in the

2nd Quarter of 2014 and the entry into service of the Origin plant (150 MW) in the 3rd Quarter of 2014.

	Electricity generation (GWh)			Average installed capacity (MW)		
	2014	2013	Change	2014	2013	Change
Hydroelectric	912	1,060	(148)	318	315	3
Wind	5,309	3,842	1,467	1,490	1,108	382
Geothermal	407	280	127	72	48	24
Biomass	-	133	(133)	-	16	(16)
Solar	46	45	1	29	27	2
<b>Total</b>	<b>6,674</b>	<b>5,360</b>	<b>1,314</b>	<b>1,909</b>	<b>1,514</b>	<b>395</b>

Net installed capacity expanded in 2014, essentially attributable to greater wind output as a result of the acquisition of control of Buffalo Dunes Wind Project (659 GWh) noted earlier, as well as Chisholm View Wind Project (351 GWh)

and Prairie Rose (330 GWh), that latter two as from the 2nd Quarter of 2013, and to greater geothermal generation following the entry into service of the Cove Fort plant in the 3rd Quarter of 2013 (126 GWh).

## Plants not yet in service

	Plants under construction					
	MW			Number of plants		
	2014	2013	Change	2014	2013	Change
Wind	200	150	50	1	1	-
<b>Total</b>	<b>200</b>	<b>150</b>	<b>50</b>	<b>1</b>	<b>1</b>	<b>-</b>

The main wind farm under construction is the Goodwell plant (200 MW).

	Plants authorized					
	MW			Number of plants		
	2014	2013	Change	2014	2013	Change
Wind	74	-	74	1	-	1
<b>Total</b>	<b>74</b>	<b>-</b>	<b>74</b>	<b>1</b>	<b>-</b>	<b>1</b>

The main wind plant authorized is the Little Elk facility (74 MW).

## Performance and financial position

Millions of euro

	2014	2013 restated	Change
Revenue from third parties including commodity contracts measured at fair value	394	363	31
Revenue from transactions with other segments	-	-	-
<b>Total revenue including commodity contracts measured at fair value</b>	<b>394</b>	<b>363</b>	<b>31</b>
<b>Gross operating margin</b>	<b>276</b>	<b>246</b>	<b>30</b>
<b>Operating income</b>	<b>149</b>	<b>139</b>	<b>10</b>
Employees at period end (no.)	342	337	5
Capital expenditure	308	203	105

**Revenue from third parties including commodity contracts measured at fair value** amounted to €394 million, an increase of €31 million compared with 2013 restated (€363 million), mainly attributable to greater revenue from

electricity sales (€25 million) and tax partnerships (€20 million), in line with the increase in output, and a decrease in other revenue (€18 million), which in 2013 had included a number of non-recurring items.

The **gross operating margin** amounted to €276 million, an increase of €30 million on the previous year (€246 million), attributable to the increase in revenue and the broad stability of costs, despite the increase in average installed capacity (+26%), thanks to greater operating efficiency.

**Operating income** amounted to €149 million, an increase of €10 million compared with 2013 restated (€139 million), the net effect of the increase in the gross operating margin and a rise in depreciation (€24 million) associated with the expansion of installed capacity.

## Employees at the end of the year

Number	2014	2013	Change
<b>North America</b>	<b>342</b>	<b>337</b>	<b>5</b>
USA	342	337	5

## Capital expenditure

**Capital expenditure** in 2014 amounted to €308 million (€202 million in 2013 restated) and mainly regarded the construction of wind farms in the amount of €313 million

(€131 million in 2013 restated). In 2014 grants totaling €26 million were received, which were recognized as a reduction in operating investments.

## Significant events <sup>(18)</sup>

The following significant events in the North America area supplement those already reported in the main “Significant events” section.

### Work begins on innovative plant in the United States

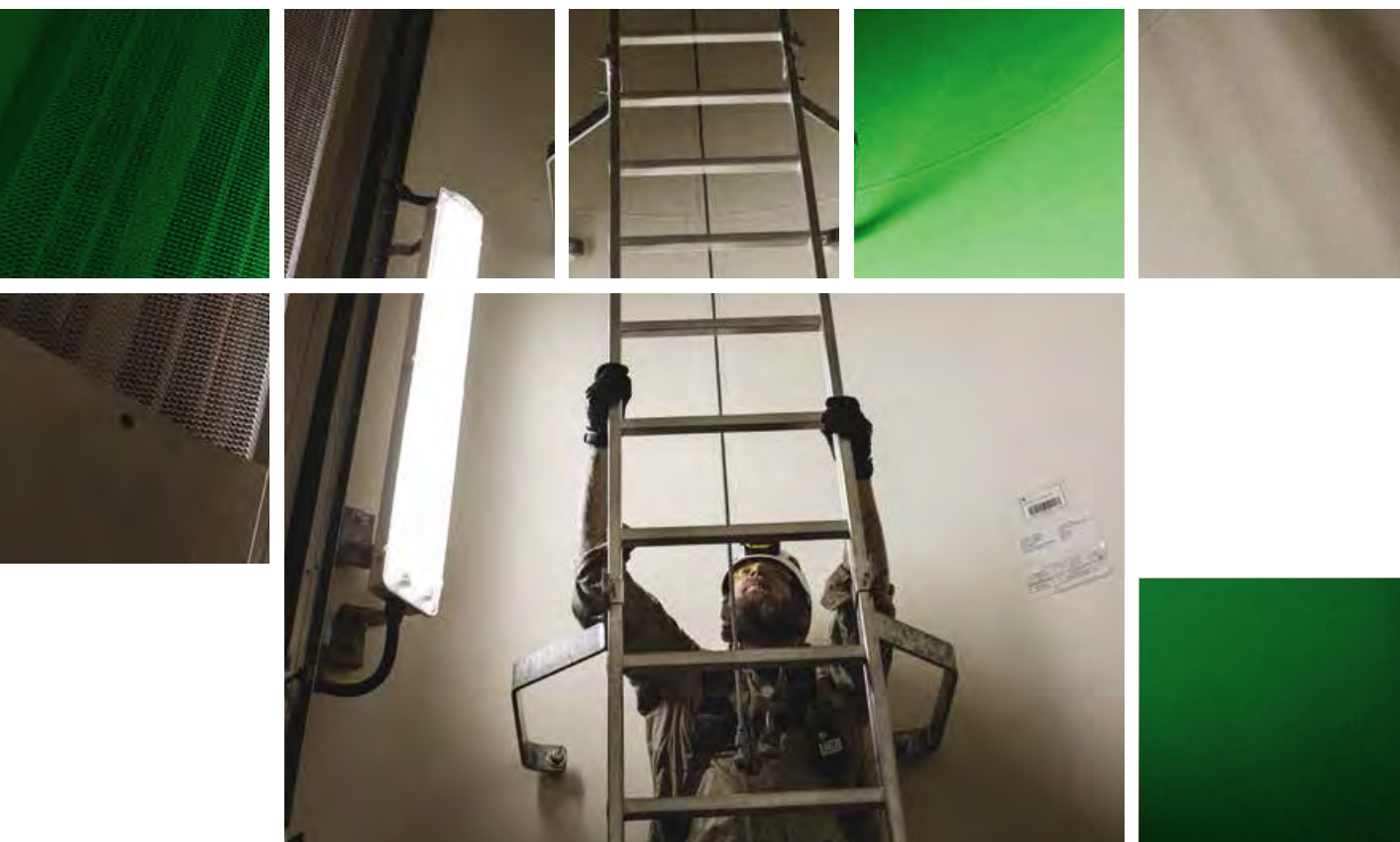
April 1, 2014 - Enel Green Power North America has started construction of a solar thermal power plant to operate alongside the existing Stillwater geothermal power station in Nevada, which is already paired with a 26 MW photovoltaic facility. This is the first hybrid plant in the world able to combine the continuous generating capacity of binary-cycle, medium-enthalpy geothermal power with a solar thermal system. The Stillwater geothermal plant, with a total net installed capacity of 33 MW, will be supplemented with a 17 MW solar thermal facility. The solar thermal plant will be capable of generating about 3 million kWh a year, to be added to the power currently being generated by the existing hybrid plant. The energy produced will be sold to NV Energy, through the existing 20-year power purchase agreement.

### Enel Green Power signs first Cooperative Research & Development Agreement in the US for the Stillwater hybrid plant

August 4, 2014 - Enel Green Power, the National Renewable Energy Laboratory (NREL) and Idaho National Laboratory (INL), under the oversight of the US Department of Energy Geothermal Technologies Office (GTO) signed a Cooperative Research and Development Agreement (CRADA) with the goal of exploring the potential of Enel Green Power’s innovative Stillwater hybrid power plant in Fallon, Nevada. The 2 MW Stillwater Concentrated Solar Power (CSP) project is currently under construction. Upon completion, it will operate alongside the existing 33 MW Stillwater geothermal power plant, which is already paired with a 26 MW photovoltaic facility. This is the first hybrid plant in the world able to bring together at the same site the continuous generating capacity of binary-cycle, medium-enthalpy geothermal power with photovoltaic and thermal solar power.

(18) The reference date is the date of the associated press release.

# Main risks and uncertainties



## Price and market risks

Owing to the very nature of its business, the Group is exposed to the risk of changes in the market prices of electricity and in the regulatory framework.

In order to mitigate its exposure to price risk, the Group has developed a margin stabilization strategy that involves placing the electricity generated under contract in advance, using long-, medium- and short-term contracts in line with commercial practices in the countries in which the Group operates. The Group has also implemented formal policies and procedures that govern the sale of energy in the various markets in which the Group operates as well as the meas-

urement of the residual commodity risk, the specification of a ceiling for maximum acceptable risk and the implementation of a hedging strategy using derivatives. The Group is only marginally exposed to changes in the prices of fuels.

As regards the risk of unexpected rule changes in regulated sectors that could impact results, the Group maintains constant relations with local government and regulatory bodies, adopting a transparent, collaborative and proactive approach to assessing and removing sources of instability in the regulatory context.

# Volume risks

The volume of output can vary, both due to the natural variability of the sources used to produce power and to the possible unavailability of plants.

The technological and geographical diversification of the Group's generation assets helps mitigate the natural variability of the availability of hydroelectric, wind and solar energy resources, which as we know changes in relation to the weather conditions in which the plants are located. A significant share of geothermal output, which is not exposed to the variability of weather conditions, helps mitigate this volume risk.

The risk associated with possible breakdowns or accidents that temporarily compromise the operation of plants is mitigated using appropriate prevention and protection strategies, including preventive and predictive maintenance techniques and applying international best practices. The residual risk is managed using specific insurance policies to cover a broad range of operational risks, including financial losses due to lost production.

# Financial risks

The Group is exposed to foreign exchange risk associated with cash flows in respect of the sale of electricity on international markets, cash flows in respect of investments or other items in foreign currency and, to a marginal extent, debt denominated in currencies other than the functional currency of the respective countries.

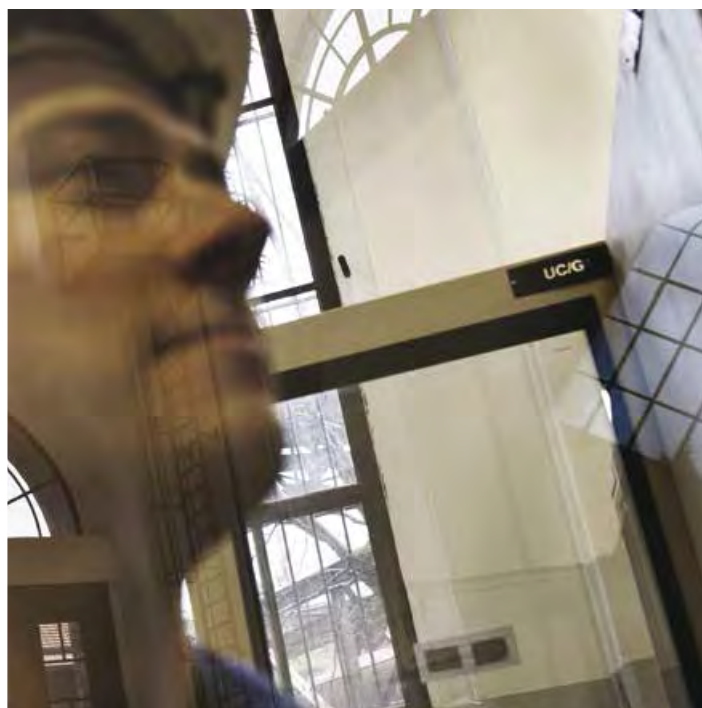
In order to reduce the foreign exchange risk associated with these exposures, the Group uses derivatives (especially forwards) as well as a policy to balance inward and outward

cash flows in respect of assets and liabilities denominated in foreign currencies.

The source of exposure to interest rate risk for the Group is floating-rate debt. The Group's risk management policy has the dual objective of curbing borrowing costs and their volatility. More specifically, in order to reduce the amount of debt exposed to changes in interest rates, the Group uses derivatives (especially interest rate swaps).



# Outlook



In 2014 Enel Green Power confirmed its leadership position in the renewable energy sector and achieved the strategic objectives announced to the financial community despite tensions in various markets and developments in the regulatory environments of certain countries.

The year 2015 will be a challenging one for the Group, which will be called upon to contain the contraction in prices in the main European markets and respond effectively to the unfavorable economic measures adopted to counter the ongoing crisis. Enel Green Power has developed a strategic plan that provides for expanding its installed capacity primarily in emerging economies with abundant renewable resources and strong economic growth, with a balanced mix of generation technologies.

The Group's investments will be focused on growth in markets with stable regulatory frameworks, while taking steps to increase geographical diversification and maximize the creation of value.

In addition to pursuing growth, the Group is continuing its efforts to rationalize operating expenses by operating its plants more directly and with greater efficiency, maximizing availability and seeking out economies of scale, especially in procurement.

With a view toward optimizing our portfolio, exploiting the opportunities currently present in a number of markets, Enel Green Power is working with financial advisors to assess the interest and advantages of the disposals of a minority stake in a portfolio composed of a number of North American plants.

The Group is also continuing its work in research and development of innovative technologies, with a close focus on sustainability and dialogue with local communities and all other stakeholders (employees, suppliers, analysts, investors, institutions and others) and devoting full attention to environmental and safety issues.

# Regulations governing non-EU subsidiaries

At the date of approval by the Board of Directors of the financial statements of Enel Green Power SpA for 2014 – March 12, 2015 – the Enel Green Power Group meets the conditions for the listing of shares of companies with control over companies established and regulated under the law of non-EU countries (hereinafter “non-EU subsidiaries”) established by CONSOB with Article 36 of the Market Rules (approved with Resolution no. 16191 of October 29, 2007 as amended).

Specifically, we report that:

A) in application of the materiality criteria for the purposes of consolidation introduced in Article 36, paragraph 2, of the CONSOB Market Rules, 52 non-EU subsidiaries of the Enel Green Power Group have been identified to which the rules in question apply on the basis of the consolidated financial statements of the Enel Green Power Group at December 31, 2013.

They are: 1) Enel Green Power North America Inc. (USA); 2) Enel Kansas LLC (USA); 3) Enel Green Power Chile Limitada (formerly Enel Latin America Ltda) (Chile); 4) Enel Fortuna SA (Panama); 5) Enel Brasil Participações Ltda (Brazil); 6) Essex Company (USA); 7) Renovables de Guatemala SA (Guatemala); 8) Enel Geothermal LLC (USA); 9) Smoky Hills Wind Project II LLC (USA); 10) Empresa Eléctrica Panguipulli SA (Chile); 11) Enel Green Power Canada Inc. (Canada); 12) Enel Nevkan Inc. (USA); 13) Enel Texkan Inc. (USA); 14) Texkan Wind LLC (USA); 15) Nevkan Renewables LLC (USA); 16) Enel Stillwater LLC (USA); 17) Enel Cove Fort LLC (USA); 18) Proveedora de Electricidad de Occidente S de RL de Cv (Mexico); 19) Smoky Hills Wind Farm LLC (USA); 20) Hydro Development Group Inc. (USA); 21) Geotérmica del Norte SA (Chile); 22) Snyder Wind Farm LLC (USA); 23) Enel Salt Wells LLC (USA); 24) Generadora de Occidente Ltda (Guatemala); 25) Mexicana de Hidroelectricidad Mexhidro S de RL de Cv (Mexico); 26) Primavera Energia SA (Brazil); 27) Rocky Caney Wind LLC (USA); 28) Caney River Wind Project LLC (USA); 29) Rocky Ridge Wind Project LLC (USA); 30) Stipa Nayaá, SA de CV (Mexico); 31) Enel Green Power Panama SA (formerly Enel Panama SA) (Panama); 32) Enel Green Power Costa Rica (formerly Enel de Costa Rica SA

(Costa Rica); 33) Enel Green Power México S de RL de Cv (formerly Impulsora Nacional de Electricidad S de RL de Cv) (Mexico); 34) Enel Green Power Latin America Ltda (formerly Energía Alerce Ltda) (Chile); 35) PH Chucas SA (Costa Rica); 36) EGP Stillwater Solar LLC (USA); 37) Chisholm View Wind Project LLC (USA); 38) Prairie Rose Wind LLC (USA); 39) Enel Green Power North America Development LLC (USA); 40) Parque Eólico Talinay Oriente SA (Chile); 41) Parque Eólico Valle de los Vientos SA (Chile); 42) Castle Rock Ridge Limited Partnership (USA); 43) Parque Eólico Taltal SA (Chile); 44) EGPNA Development Holdings LLC (USA); 45) Enel Green Power Primavera Eólica SA (Brazil); 46) Enel Green Power Emiliana Eólica SA (Brazil); 47) Enel Green Power Pedra do Gerônimo Eólica SA (Brazil); 48) Enel Green Power São Judas Eólica SA (Brazil); 49) Enel Green Power Cristal Eólica SA (Brazil); 50) Enel Green Power Joana Eólica SA (Brazil); 51) Enel Green Power Pau Ferro Eólica SA (Brazil); 52) Boott Hydropower Inc. (USA);

B) the balance sheet and income statement for the 2014 financial statements of the above companies included in the reporting package used for the purpose of preparing the consolidated financial statements of the Enel Green Power Group will be made available to the public by Enel Green Power SpA (pursuant to Article 36, paragraph 1a) of the CONSOB Market Rules) at least 15 days prior to the day scheduled for the Ordinary Shareholders’ Meeting to be called to approve the 2014 financial statements of Enel Green Power SpA, together with the summary documents of the essential information from the most recent financial statements of subsidiaries and associates (pursuant to the provisions of Article 77, paragraph 2-bis, of the CONSOB Issuers Rules as approved in Resolution no. 11971 of May 14, 1999, as amended);

C) the articles of association and the composition and powers of the corporate bodies from all the above subsidiaries have been obtained by Enel Green Power SpA and are available in updated form to CONSOB where the latter should request such information for supervisory purposes (pursuant to Article 36, paragraph 1b) of the CONSOB Market Rules);

D) Enel Green Power SpA has verified that the above subsidiaries:

(i) provide the auditor of the Parent Company, Enel Green Power SpA, with information necessary to perform annual and interim audits of Enel Green Power SpA (pursuant to Article 36, paragraph 1ci) of the CONSOB Market Rules);

(ii) use an administrative and accounting system appropriate for regular reporting to the management and auditor of the Parent Company, Enel Green Power SpA, of income statement, balance sheet and financial data necessary for preparation of the consolidated financial statements of the Enel Green Power Group (pursuant to Article 36, paragraph 1cii) of the CONSOB Market Rules).

# Regulations governing subsidiaries subject to the management and coordination of other companies

Enel Green Power SpA meets the conditions for admission to trading of the shares of subsidiaries subject to management and coordination by another listed company pursuant to Article 37, paragraph 1, of the Market Rules (approved with Resolution no. 16191 of October 29, 2007 as amended).

In particular, Enel Green Power SpA as a subsidiary subject to management and coordination by another company:

- > has fulfilled publication obligations pursuant to Article 2497-*bis* of the Italian Civil Code;
- > has independent decision-making powers in relations with customers and suppliers;
- > has a centralized treasury with Enel SpA that satisfies the interests of the Company, as it gives Enel Green Power greater capacity for planning, monitoring and covering liquidity requirements and, therefore, optimizes liquidity

management and also makes it possible to access the services on competitive terms, drawing on the long, specialized experience of the Parent Company in providing such services and its effective capacity to access the banking and financial system;

- > has a Control and Risk Committee, a Related Parties Committee and an Appointment and Compensation Committee, which are entirely composed of independent directors pursuant to Article 37, paragraph 1-*bis*, of the Market Rules. As a subsidiary subject to management and coordination by another listed Italian company, Enel Green Power SpA also has a Board of Directors composed of a majority of independent directors (again pursuant to Article 37 of the Market Rules).



# Related parties

Within the framework of the corporate governance rules that the Enel Green Power Group has established, discussed in detail in the Report on Corporate Governance and Ownership Structure, which is available on the Company's website ([www.enelgreenpower.com](http://www.enelgreenpower.com)), arrangements have been implemented to ensure that transactions with related parties are carried out in compliance with the principles of procedural and substantive propriety.

In December 2010 the Board of Directors of Enel Green Power SpA approved a procedure governing the authorization and execution of transactions with related parties by Enel Green Power SpA, either directly or through subsidiaries. The procedure (which can be found at [http://www.enelgreenpower.com/en-GB/company/governance/related\\_parties/](http://www.enelgreenpower.com/en-GB/company/governance/related_parties/)) sets out a series of rules designed to ensure the transparency and procedural and substantive propriety of transactions with related parties and was adopted in implementation of the provisions of Article 2391-bis of the Italian Civil Code and the implementing rules established by CONSOB.

More specifically, in 2014 transactions with related parties regarded, among others:

- > the management of exposures to changes in interest rates and exchange rates;
- > the provision of professional and other services;
- > the management of shared services;
- > transactions in electricity;
- > transactions in green and white certificates.

In addition, during the year Enel Green Power opted to participate in the consolidated taxation mechanism of its controlling shareholder, Enel SpA.

Under the provisions of the uniform tax code (Presidential Decree 917/1986, Article 117 *et seq.*) concerning the consolidated taxation mechanism, that mechanism was still in effect for Enel Green Power SpA and Enel Green Power Partecipazioni Speciali Srl, as those companies had renewed participation for 2013-2015 and 2012-2014 respectively.

During 2014, a number of transactions with related parties that qualified as ordinary transactions of "greater importance" with a related party were carried out by Enel Green Power SpA directly or through a subsidiary on terms equivalent to market or standard terms and conditions.

These transactions qualify for the exemption referred to in Article 13.3(c) of the "Regulation governing transactions with related parties" adopted by CONSOB with Resolution no. 17221 of March 12, 2010, as amended ("Related Parties Regulation") and the related procedure adopted by Enel Green Power SpA in implementation of the regulation. As such, those transactions are not subject to the publication requirements provided for transactions of greater importance with related parties under Article 5, paragraphs 1 to 7, of the Related Parties Regulation. Those transactions were in any case notified specifically to CONSOB in accordance with Article 13.3(c).

The following provides a summary of the main features of the transactions:

*Transaction party:* Enel Green Power SpA.

*Transaction counterparty:* Enel Trade SpA.

*Nature of relationship:* company subject to the common control of Enel SpA.

*Nature of the transaction:* three framework agreements for the sale of electricity for 2015, 2016 and 2017 to be implemented through bilateral physical contracts, as well as three two-way contracts for differences for the reciprocal hedging of the risk of fluctuations in electricity prices in the same years, to be implemented through bilateral financial contracts.

*Value of the transaction:* a maximum of €1,400 million and €1,830 million for the two classes of contract, respectively, for 2015, 2016 and 2017.

*Transaction party:* Enel Green Power SpA.

*Transaction counterparty:* Enel Finance International NV.

*Nature of relationship:* company subject to the common control of Enel SpA.

*Nature and value of the transaction:* a long-term loan facility agreement in the amount of €500 million. The terms of the agreement are in line with those available on the debt market with the leading financial counterparties available. The draw period for the funds expired without any drawings being made by Enel Green Power SpA, which bore the fees charged for making the funds available during that period.

*Transaction party:* Enel Green Power SpA.

*Transaction counterparty:* Enel Finance International NV.



*Nature of relationship:* company subject to the common control of Enel SpA.

*Nature and value of the transaction:* a short-term intercompany revolving facility agreement in the amount of €500 million. The terms of the agreement are in line with those available on the debt market with the leading financial counterparties available.

*Transaction party:* Enel Green Power Chile Ltda, a wholly-owned subsidiary of Enel Green Power SpA.

*Transaction counterparty:* Empresa Nacional de Electricidad SA.

*Nature of relationship:* company subject to the common control of Enel SpA.

*Nature of the transaction:* sale to Empresa Nacional de Electricidad SA in the period from June 1, 2015 to December 1, 2041 of electricity generated by new plants built during the period as well as green certificates associated with the electricity generated by those plants.

*Value of the transaction:* an estimated \$2,300 million.

*Transaction party:* Enel Green Power International BV, a wholly-owned subsidiary of Enel Green Power SpA.

*Transaction counterparty:* Enel Finance International NV.

*Nature of relationship:* company subject to the common control of Enel SpA.

*Nature and value of the transaction:* renewal of a short-term financing agreement of €1.2 billion. The terms and conditions of the renewal are in line with those obtainable on the debt market with banks for loans of the same amount and maturity as the contract involved in this transaction.

*Transaction party:* Enel Green Power SpA.

*Transaction counterparty:* Enel Finance International NV.

*Nature of relationship:* company subject to the common control of Enel SpA.

*Nature and value of the transaction:* renewal of a short-term financing agreement of €500 million. The terms and conditions of the renewal are in line with those obtainable on the debt market with banks for loans of the same amount and maturity as the contract involved in this transaction.



# Other information

## Own shares and those of the Parent Company

During 2014, the Company did not carry out transactions in its own shares or in the shares of its Parent Company, either directly or indirectly.

Therefore, at December 31, 2014, the Company did not hold any of its own shares or those of the Parent Company.

## Subsequent events

Significant events that occurred after the end of the financial year are discussed in a specific section of the notes to the consolidated financial statements (note 51).

## Use of financial instruments

For information concerning the use of financial instruments and the Company's policies concerning risk management and exposures to price risk, credit risk, liquidity risk and changes in cash flows, see the section "Risk management" in the notes to the consolidated financial statements (note 46).

## Management and coordination

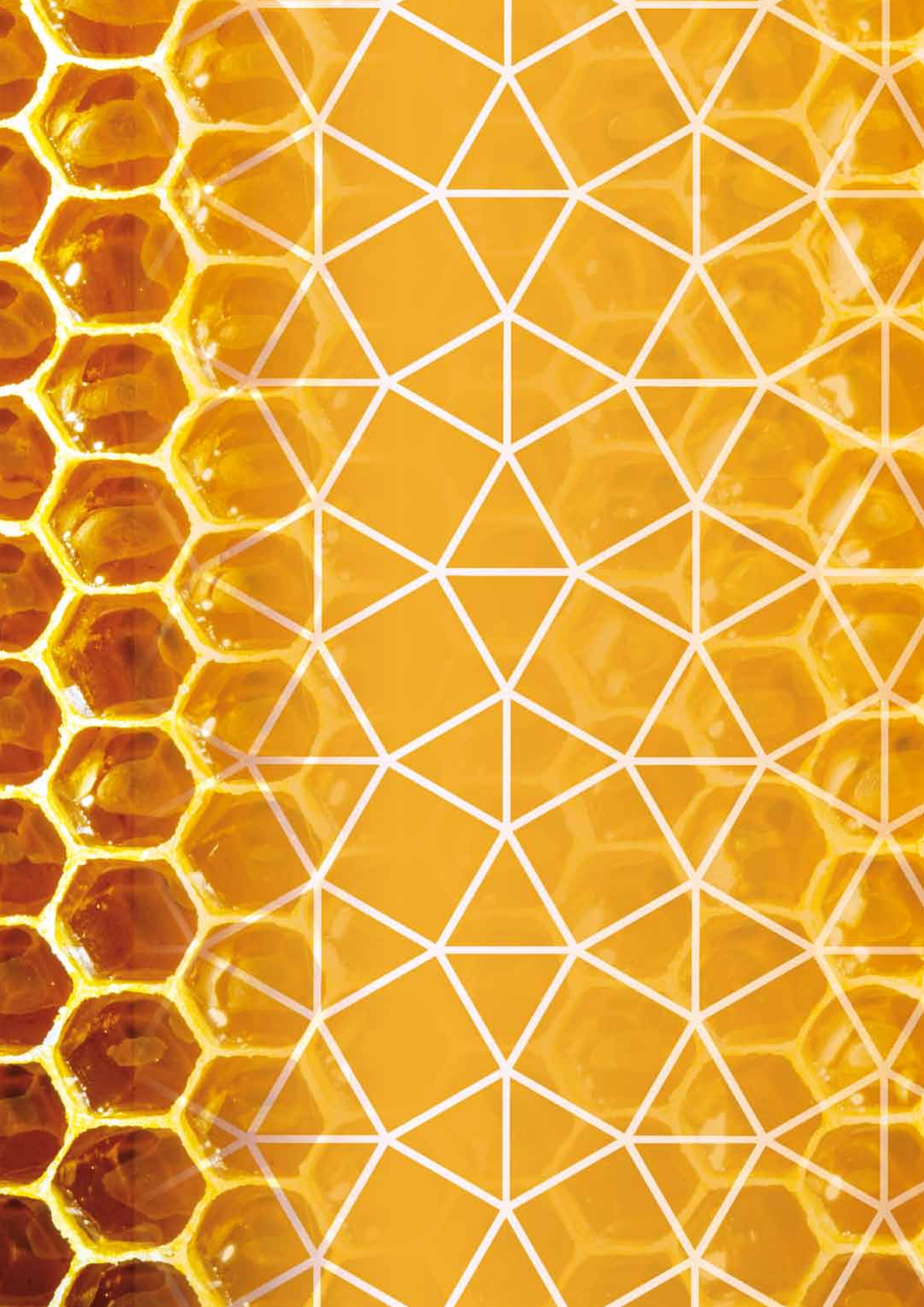
The Company is subject to the management and coordination of Enel SpA. The highlights of Enel SpA's most recent approved financial statements are reported in the section "Management and coordination" of the separate financial statements, as required under Article 2497-*bis* of the Italian Civil Code.

# Atypical or unusual operations

Pursuant to the CONSOB Notice of July 28, 2006, Enel did not carry out any atypical or unusual operations in 2014. Such operations include transactions whose significance, size, nature of the counterparties, object, method for calculating the transfer price or timing could give rise to doubts concerning the propriety and/or completeness of disclosure, conflicts of interest, preservation of company assets or protection of minority shareholders.

# Approval of the financial statements

The Shareholders' Meeting to approve the financial statements, as provided for by Article 8.2 of the Bylaws of Enel Green Power SpA, shall be called within 180 days of the close of the financial year. The use of that time limit rather than the ordinary limit of 120 days from the close of the financial year permitted under Article 2364, paragraph 2, of the Italian Civil Code, is justified by the fact that the Company is required to prepare consolidated financial statements.







Consolidated  
financial  
statements

# Consolidated Income Statement

Millions of euro	Notes			2013	
		2014	of which with related parties	restated <sup>(1)</sup>	of which with related parties
<b>Revenue and income</b>					
Revenue from sales and services	7	2,148	867	2,212	933
Other revenue and income	8	772	353	488	299
	[Subtotal]	<b>2,920</b>		<b>2,700</b>	
<b>Costs</b>					
Electricity and other fuel purchases	9	291	39	178	28
Services and other materials	10	489	139	480	150
Personnel	11	256		242	
Depreciation, amortization and impairment losses	12	921		679	
Other operating expenses	13	149		136	4
Capitalized costs		(131)		(94)	
	[Subtotal]	<b>1,975</b>		<b>1,621</b>	
<b>Net income/(expense) from commodity contracts measured at fair value</b>					
	14	<b>76</b>	77	<b>21</b>	22
<b>Operating income</b>					
		<b>1,021</b>		<b>1,100</b>	
Net financial income/(expense) from derivatives	15	(21)	(19)	(27)	(20)
Net other financial income/(expense)	16	(236)	(174)	(233)	(149)
Share of income/(losses) of equity investments accounted for using the equity method	17	(56)		21	
<b>Income before taxes</b>					
		<b>708</b>		<b>861</b>	
Income taxes	18	264		324	
<b>Net income from continuing operations</b>					
		<b>444</b>		<b>537</b>	
<b>Net income from discontinued operations <sup>(2)</sup></b>					
	34.2	<b>(4)</b>		<b>61</b>	
<b>Net income for the year (shareholders of the Parent Company and non-controlling interests)</b>					
		<b>440</b>		<b>598</b>	
Attributable to shareholders of the Parent Company		359		528	
Attributable to non-controlling interests		81		70	
Earnings per share: basic and diluted (in euros)	19	0.07		0.11	
Earnings per share of continuing operations: basic and diluted (in euros)		0.07		0.10	
Earnings per share of discontinued operations: basic and diluted (in euros)		-		0.01	

(1) For more information, please see note 4 "Restatement of comparative disclosures at December 31, 2013".

(2) The net income from discontinued operations pertains entirely to the shareholders of the Parent Company.

# Statement of Consolidated Comprehensive Income

Millions of euro	Notes	2014	2013 restated <sup>(1)</sup>
<b>Net income for the year</b>		<b>440</b>	<b>598</b>
<i>Other comprehensive income</i>			
Remeasurement of defined-benefit obligation		(3)	(3)
<b>Other comprehensive income not to be reclassified to profit or loss (a)</b>		<b>(3)</b>	<b>(3)</b>
Gain/(Loss) on cash flow hedge derivatives		(41)	42
Share of the other comprehensive income of equity investments accounted for using the equity method		(6)	3
Exchange rate differences		421	(218)
<b>Other comprehensive income to be reclassified to profit or loss (b)</b>		<b>374</b>	<b>(173)</b>
<b>Total other comprehensive income/(loss) for the year (net of taxes) (a+b)</b>	35	<b>371</b>	<b>(176)</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>811</b>	<b>422</b>
- <i>Attributable to shareholders of the Parent Company</i>		693	350
- <i>Attributable to non-controlling interests</i>		118	72

(1) For more information, please see note 4 "Restatement of comparative disclosures at December 31, 2013".



# Consolidated Balance Sheet

Millions of euro	Notes	at Dec. 31, 2014	of which with related parties	at Dec. 31, 2013 restated <sup>(1)</sup>	of which with related parties	at Jan. 1, 2013 restated <sup>(1)</sup>	of which with related parties
<b>ASSETS</b>							
<b>Non-current assets</b>							
Property, plant and equipment	20	13,329		11,703	28	10,704	26
Intangible assets	21	1,378		1,312		1,328	
Goodwill	22	871		875		885	
Deferred tax assets	23	326		313		308	
Equity investments accounted for using the equity method	24	323		570		586	
Derivatives	25	7	2	13	7	7	
Other non-current financial assets	26	428	418	357	332	328	22
Other non-current assets	27	158	3	126	3	65	
	[Total]	<b>16,820</b>		<b>15,269</b>		<b>14,211</b>	
<b>Current assets</b>							
Inventories	28	184		89		60	
Trade receivables	29	440	185	355	190	494	132
Tax receivables	30	81	3	63	2	62	6
Derivatives	25	18	15	3	1	4	2
Other current financial assets	31	426	221	245	205	444	390
Other current assets	32	494	129	412	99	411	
Cash and cash equivalents	33	335		327		314	
	[Total]	<b>1,978</b>		<b>1,494</b>		<b>1,789</b>	
<b>Assets classified as held for sale</b>	34.1	-		<b>37</b>	1	-	
<b>TOTAL ASSETS</b>		<b>18,798</b>		<b>16,800</b>		<b>16,000</b>	

(1) For more information, please see note 4 "Restatement of comparative disclosures at December 31, 2013".

Millions of euro	Notes	at Dec. 31, 2014		at Dec. 31, 2013 restated <sup>(1)</sup>		at Jan. 1, 2013 restated <sup>(1)</sup>	
			<i>of which with related parties</i>		<i>of which with related parties</i>		<i>of which with related parties</i>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>							
<b>Equity pertaining to the shareholders of the Parent Company</b>							
	35.1						
Share capital		1,000		1,000		1,000	
Reserves		6,476		5,762		5,683	
Net income for the year attributable to shareholders of the Parent Company		359		528		387	
	[Total]	<b>7,835</b>		<b>7,290</b>		<b>7,070</b>	
Non-controlling interests	35.2	1,094		973		883	
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>35</b>	<b>8,929</b>		<b>8,263</b>		<b>7,953</b>	
<b>Non-current liabilities</b>							
Long-term borrowings	36	6,035	2,455	5,196	2,480	4,515	2,491
Post-employment and other employee benefits	37	43		47		89	
Provisions for risks and charges	38	130		117		100	
Deferred tax liabilities	23	705		689		599	
Derivatives	25	96	71	34	14	65	34
Other non-current liabilities	39	192		181		135	
	[Total]	<b>7,201</b>		<b>6,264</b>		<b>5,503</b>	
<b>Current liabilities</b>							
Short-term borrowings	36	865	832	821	797	802	727
Current portion of long-term borrowings	36	323	-	212	2	191	-
Current portion of long-term provisions and short-term provisions	38	20		13		2	
Trade payables	40	888	129	741	168	1,048	302
Derivatives	25	7	7	4	4	-	-
Income tax payable	41	80		41		43	
Other current financial liabilities	42	82	57	89	72	88	71
Other current liabilities	44	403	11	340	51	370	17
	[Total]	<b>2,668</b>		<b>2,261</b>		<b>2,544</b>	
<b>Liabilities included in disposal groups classified as held for sale</b>	<b>34.1</b>	<b>-</b>		<b>12</b>		<b>-</b>	
<b>TOTAL LIABILITIES</b>		<b>9,869</b>		<b>8,537</b>		<b>8,047</b>	
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>18,798</b>		<b>16,800</b>		<b>16,000</b>	

(1) For more information, please see note 4 "Restatement of comparative disclosures at December 31, 2013".

# Statement of Changes in Consolidated Shareholders' Equity

Millions of euro	Other reserves						Total reserves	Net income attributable to shareholders of Parent Company	Equity attributable to the shareholders of the Parent Company	Non-controlling interests	Total shareholders' equity
	Share capital	Reserve from measurement of CFH financial instruments	Reserve from equity investments accounted for using the equity method	Translation reserve	Reserve for employee benefits	Other reserves					
<b>At January 1 2013 restated <sup>(1)</sup></b>	<b>1,000</b>	<b>(35)</b>	<b>(15)</b>	<b>(5)</b>	<b>(2)</b>	<b>5,740</b>	<b>5,683</b>	<b>387</b>	<b>7,070</b>	<b>883</b>	<b>7,953</b>
Allocation of net income for the previous year	-	-	-	-	-	387	<b>387</b>	(387)	-	-	-
Dividends	-	-	-	-	-	(130)	<b>(130)</b>	-	<b>(130)</b>	(38)	<b>(168)</b>
Change in scope of consolidation and other changes	-	-	-	-	-	-	-	-	-	56	<b>56</b>
<b>Comprehensive income</b>	<b>-</b>	<b>29</b>	<b>3</b>	<b>(207)</b>	<b>(3)</b>	<b>-</b>	<b>(178)</b>	<b>528</b>	<b>350</b>	<b>72</b>	<b>422</b>
<i>of which:</i>											
- Income/(Loss) recognized directly in equity	-	29	3	(207)	(3)	-	<b>(178)</b>	-	<b>(178)</b>	2	<b>(176)</b>
- Net income/(loss) for the year	-	-	-	-	-	-	-	528	<b>528</b>	70	<b>598</b>
<b>At December 31, 2013 restated <sup>(1)</sup></b>	<b>1,000</b>	<b>(6)</b>	<b>(12)</b>	<b>(212)</b>	<b>(5)</b>	<b>5,997</b>	<b>5,762</b>	<b>528</b>	<b>7,290</b>	<b>973</b>	<b>8,263</b>
Allocation of net income for the previous year	-	-	-	-	-	528	<b>528</b>	(528)	-	-	-
Dividends	-	-	-	-	-	(160)	<b>(160)</b>	-	<b>(160)</b>	(26)	<b>(186)</b>
Change in scope of consolidation and other changes	-	-	-	-	-	12	<b>12</b>	-	<b>12</b>	29	<b>41</b>
<b>Comprehensive income</b>	<b>-</b>	<b>(36)</b>	<b>(6)</b>	<b>379</b>	<b>(3)</b>	<b>-</b>	<b>334</b>	<b>359</b>	<b>693</b>	<b>118</b>	<b>811</b>
<i>of which:</i>											
- Income/(Loss) recognized directly in equity	-	(36)	(6)	379	(3)	-	<b>334</b>	-	<b>334</b>	37	<b>371</b>
- Net income/(loss) for the year	-	-	-	-	-	-	-	359	<b>359</b>	81	<b>440</b>
<b>At December 31, 2014</b>	<b>1,000</b>	<b>(42)</b>	<b>(18)</b>	<b>167</b>	<b>(8)</b>	<b>6,377</b>	<b>6,476</b>	<b>359</b>	<b>7,835</b>	<b>1,094</b>	<b>8,929</b>

(1) For more information, please see note 4 "Restatement of comparative disclosures at December 31, 2013".

# Consolidated Statement of Cash Flows

Millions of euro

Notes

		<b>2014</b>	<i>of which with related parties</i>	2013 restated <sup>(1)</sup>	<i>of which with related parties</i>
<b>Income before taxes for the year</b>		<b>708</b>		<b>861</b>	
Income before taxes of discontinued operations		(4)		62	
<b>Adjustments for:</b>					
Depreciation, amortization and impairment losses	12	921		679	
Share of net (income)/loss from equity investments accounted for using equity method	17	56		(21)	
Net financial (income)/expense from derivatives	15	21	19	27	20
Net other financial (income)/expense	16	236	174	233	149
(Gains)/Losses from disposals and other non-monetary items		(218)		(90)	
<i>Cash flow from operating activities before changes in net current assets</i>		<i>1,720</i>		<i>1,751</i>	
Increase/(Decrease) in provisions		1		(19)	
(Increase)/Decrease in inventories		(90)		(29)	
(Increase)/Decrease in trade receivables and payables		8	(34)	(257)	(192)
(Increase)/Decrease in financial and non-financial assets/liabilities		(111)	(36)	(144)	9
Interest income/(expense) and other financial income/(expense) collected/(paid)		(299)	(221)	(294)	(80)
Dividends from associates	24	44		44	
Income taxes paid		(240)		(287)	
<b>Cash flows from operating activities (a)</b>		<b>1,033</b>		<b>765</b>	
<i>- of which discontinued operations</i>		<i>-</i>		<i>5</i>	
Investments in property, plant and equipment	20	(1,570)		(1,204)	
Investments in intangible assets	21	(49)		(43)	
Investments in entities (or business units) less cash and cash equivalents acquired		(78)		(145)	
Disposals of entities (or business units) less cash and cash equivalents sold		586		173	
(Increase)/Decrease in other investing activities		(26)		10	
<b>Cash flows from investing/disinvesting activities (b)</b>		<b>(1,137)</b>		<b>(1,209)</b>	
<i>- of which discontinued operations</i>		<i>-</i>		<i>85</i>	
Financial debt: new long-term borrowing (repayments)	36	632	(101)	715	63
Financial debt: repayments and other net changes	36	(355)		(93)	
Dividends paid		(192)	(131)	(150)	(102)
<b>Cash flows from financing activities (c)</b>		<b>85</b>		<b>472</b>	
<i>- of which discontinued operations</i>		<i>-</i>		<i>7</i>	
<b>Impact of exchange rate fluctuations on cash and cash equivalents (d)</b>		<b>17</b>		<b>(5)</b>	
<b>Increase/(Decrease) in cash and cash equivalents (a+b+c+d)</b>		<b>(2)</b>		<b>23</b>	
<i>- of which discontinued operations</i>		<i>-</i>		<i>97</i>	
Cash and cash equivalents at the beginning of the year <sup>(2)</sup>		337		314	
Cash and cash equivalents at the end of the year		335		337	

(1) For more details, please see note 4 "Restatement of comparative disclosures at December 31, 2013".

(2) Of which cash and cash equivalents pertaining to "Assets classified as held for sale" of €10 million at December 31, 2013.

# Notes to the financial statements

## 1

### Form and content of the financial statements

Enel Green Power SpA has its registered office in Viale Regina Margherita, 125, Rome, Italy. The Company's shares are listed on the Milan and Madrid stock exchanges. Enel Green Power is the Enel Group company entirely devoted to the development and operation of renewable power generation activities at the international level, with a presence in Europe, the Americas and Africa. Thanks to its technological and geographical diversification, Enel Green Power occupies a unique position in the global renewables industry. The consolidated financial statements for the year ended December 31, 2014 comprise the financial statements of Enel Green Power SpA and its subsidiaries, and its holdings in associates and joint ventures ("the Group"). A list of the subsidiaries, associated companies and joint ventures in-

cluded in the scope of consolidation is reported in the annex.

These consolidated financial statements were authorized for publication by the Board on March 12, 2015.

These financial statements have been audited by Reconta Ernst & Young SpA.

### Basis of presentation

The consolidated financial statements for the year ended December 31, 2014 have been prepared in accordance with international accounting standards (International Accounting Standards – IAS and International Financial Reporting Standards – IFRS) issued by the International Accounting Standards Board (IASB), IFRIC and SIC, recognized in the European Union pursuant to Regulation (EC) no. 1606/2002 and in effect as of the close of the year. All of these standards and interpretations are hereinafter referred to as the "IFRS-EU".

The financial statements have also been prepared in conformity with measures issued in implementation of Article 9, paragraph 3, of Legislative Decree 38 of February 28, 2005.



The consolidated financial statements consist of the consolidated income statement, the statement of consolidated comprehensive income, the consolidated balance sheet, the statement of changes in consolidated shareholders' equity and the consolidated statement of cash flows and the related notes.

The assets and liabilities reported in the consolidated balance sheet are classified on a "current/non-current basis", with separate presentation of assets classified as held for sale and liabilities included in a disposal group classified as held for sale. Current assets, which include cash and cash equivalents, are assets that are intended to be realized, sold or consumed during the normal operating cycle of the Company or within the twelve months following the balance-sheet date; current liabilities are liabilities that are expected to be settled during the normal operating cycle of the Company or within the twelve months following the close of the financial year.

The consolidated income statement is classified on the basis of the nature of costs and reports separately the amount of net income from continuing operations and from discontinued operations attributable to owners of the Parent and to non-controlling interests.

The indirect method is used for the consolidated statement of cash flows, with separate reporting of net cash flows attributable to the operating, investing and financing activities of discontinued operations.

Dividends from associates are reported in the statement of cash flows under cash flows from operating activities.

The consolidated income statement, the consolidated balance sheet and the consolidated statement of cash flows report transactions with related parties, the definition of which is given in the section "Accounting policies and measurement criteria".

The consolidated financial statements have been prepared on a going concern basis using the cost method, with the exception of items measured at fair value in accordance with IFRS-EU, as explained in the measurement policies applied to each individual item, and of non-current assets and disposal groups classified as held for sale, which are measured at the lower of their carrying amount and fair value less costs to sell. The consolidated financial statements are presented in euros, the functional currency of the Parent Company, Enel Green Power SpA. All figures are shown in millions of euros unless stated otherwise.

The consolidated financial statements provide comparative information in respect of the previous period.

In addition, the Group presents a balance sheet at January 1, 2013 due to the retrospective application of IFRS 11, as described in note 4 "Restatement of comparative disclosures at December 31, 2013".

---

## 2

### Accounting policies and measurement criteria

#### Use of estimates and management judgment

Preparing the consolidated financial statements under IFRS-EU requires management to take decisions and make estimates and assumptions that may impact the value of revenues, costs, assets and liabilities and the related disclosures concerning the items involved as well as contingent assets and liabilities at the balance sheet date. The estimates and management's judgments are based on previous experience and other factors considered reasonable in the circumstances. They are formulated when the carrying amount of assets and liabilities is not easily determined from other sources. The actual results may therefore differ from these estimates. The estimates and assumptions are periodically revised and the effects of any changes are reflected through profit or loss if they only involve that period. If the revision involves both the current and future periods, the change is recognized in the period in which the revision is made and in the related future periods.

In order to enhance understanding of the financial statements, the following sections examine the main items affected by the use of estimates and the cases that reflect management judgments to a significant degree, underscoring the main assumptions used by managers in measuring these items in compliance with the IFRS-EU. The critical element of such valuations is the use of assumptions and professional judgments concerning issues that are by their very nature uncertain.

Changes in the conditions underlying the assumptions and judgments could have a substantial impact on future results.



## Use of estimates

### Pension plans and other benefits

Some of the Group's employees participate in pension plans offering benefits based on their wage history and years of service. Certain employees are also eligible for other post-employment benefit schemes.

The expenses and liabilities of such plans are calculated on the basis of estimates carried out by consulting actuaries, who use a combination of statistical and actuarial elements in their calculations, including statistical data on past years and forecasts of future costs. Other components of the estimation that are considered include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate of wage increases, the inflation rate and trends in the cost of medical care.

These estimates can differ significantly from actual developments owing to changes in economic and market conditions, increases or decreases in withdrawal rates and the lifespan of participants, as well as changes in the effective cost of medical care.

Such differences can have a substantial impact on the quantification of pension costs and other related expenses.

### Recoverability of non-current assets

The carrying amount of non-current assets is reviewed periodically and wherever circumstances or events suggest that a review is necessary. Goodwill is reviewed at least annually. Such assessments of the recoverable amount of assets are carried out in accordance with the provisions of IAS 36, as described in greater detail in note 22 on goodwill.

In particular, the recoverable amount of non-current assets and goodwill is based on estimates and assumptions used in order to determine the amount of cash flow and the discount rates applied. Where the value of a group of non-current assets is considered to be impaired, it is written down to its recoverable value, as estimated on the basis of the use of the assets and their possible future disposal, in accordance with the company's most recent plans.

The estimation of the factors used in the calculation of the recoverable amount is discussed in more detail in the section "Impairment of non-financial assets". Nevertheless, possible changes in the estimation factors on which the calculation of such values is performed could generate different recoverable values. The analysis of each group of non-current assets is unique and requires management to use estimates and assumptions considered prudent and reasonable in the specific circumstances.

### Depreciable value of certain elements of Italian hydroelectric plants subsequent to enactment of Law 134/2012

Law 134 of August 7, 2012 containing "urgent measures for growth" (published in the *Gazzetta Ufficiale* of August 11, 2012, introduced a sweeping overhaul of the rules governing hydroelectric concessions. Among its various provisions, the law establishes that five years before the expiration of a major hydroelectric water diversion concession and in cases of lapse, relinquishment or revocation, where there is no prevailing public interest for a different use of the water, incompatible with its use for hydroelectric generation, the competent public entity shall organize a public call for tender for the award for consideration of the concession for a period ranging from 20 to a maximum of 30 years.

In order to ensure operational continuity, the law also governs the methods of transfer ownership of the business unit necessary to operate the concession, including all legal relationships relating to the concession, from the outgoing concession holder to the new concession holder, in exchange for payment of a price to be determined in negotiations between the departing concession holder and the grantor agency, taking due account of the following elements:

- > for intake and governing works, penstocks and outflow channels, which under the consolidated law governing waters and electrical plants are to be relinquished free of charge (Article 25 of Royal Decree 1775 of December 11, 1933), the revalued cost less government capital grants, also revalued, received by the concession holder for the construction of such works, depreciated for ordinary wear and tear;
- > for other property, plant and equipment, the market value, meaning replacement value, reduced by estimated depreciation for ordinary wear and tear.

While acknowledging that the new regulations introduce important changes as to the transfer of ownership of the business unit with regard to the operation of the hydroelectric concession, the practical application of these principles faces difficulties, given the uncertainties that do not permit the formulation of a reliable estimate of the value that can be recovered at the end of existing concessions (residual value).

Accordingly, management has decided to not attempt to formulate an estimate of residual value.

The fact that the legislation requires the new concession holder to make a payment to the departing concession holder prompted management to review the depreciation schedules for assets classified as to be relinquished free

of charge prior to Law 134/2012 (until the year ended on December 31, 2011, given that the assets were to be relinquished free of charge, the depreciation period was equal to the closest date between the term of the concession and the end of the useful life of the individual asset), calculating depreciation no longer over the term of the concession but, if longer, over the economic and technical life of the individual assets. If additional information becomes available to enable the calculation of residual value, the carrying amounts of the assets involved will be adjusted prospectively.

### **Determining the fair value of financial instruments**

The fair value of financial instruments is determined on the basis of prices directly observable in the market, where available, or, for unlisted financial instruments, using specific valuation techniques (mainly based on present value) that maximize the use of observable market inputs. In rare circumstances where this is not possible, the inputs are estimated by management taking due account of the characteristics of the instruments being measured.

In accordance with IFRS 13, the Group includes a measurement of credit risk, both of the counterparty (Credit Valuation Adjustment or CVA) and its own (Debit Valuation Adjustment or DVA), in order to adjust the fair value of financial instruments for the corresponding amount of counterparty risk.

More specifically, the Group measures CVA/DVA on the basis of the net exposure to each counterparty and subsequently allocating the adjustment to the individual financial instruments that make up the overall portfolio. In order to measure CVA/DVA, the Group uses a Potential Future Exposure valuation technique, most of whose inputs are observable on the market.

Changes in the assumptions made in estimating the input date could have an impact on the fair value recognized for those instruments.

### **Recovery of deferred tax assets**

At December 31, 2014, the consolidated financial statements report deferred tax assets in respect of tax losses to be reversed in subsequent years and income components whose deductibility is deferred in an amount whose recovery is considered by management to be highly probable.

The recoverability of such assets is subject to the achievement of future profits sufficient to absorb such tax losses and to use the benefits of the other deferred tax assets.

Significant management judgement is required to determine the amount of deferred tax assets that can be recog-

nized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. However, where the Group should become aware that it is unable to recover all or part of recognized tax assets in future years, the consequent adjustment would be taken to the income statement in the year in which this circumstance arises.

### **Litigation**

The Enel Green Power Group is involved in various legal disputes regarding the generation, transport and distribution of electricity. In view of the nature of such litigation, it is not always objectively possible to predict the outcome of such disputes, which in some cases could be unfavorable.

Provisions have been recognized to cover all significant liabilities for cases in which legal counsel feels an adverse outcome is likely and a reasonable estimate of the amount of the loss can be made.

### **Decommissioning and site restoration**

In calculating liabilities in respect of decommissioning and site restoration costs, especially for the decommissioning of photovoltaic and wind power plants, the estimation of the future cost is a critical process.

The obligation, based on financial and engineering assumptions, is calculated by discounting the expected future cash flows that the Group considers it will have to pay for the decommissioning operation.

The discount rate used to determine the present value of the liability is the pre-tax risk-free rate and is based on the economic parameters of the country in which the plant is located.

That liability is quantified by management on the basis of the technology existing at the measurement date and is reviewed each year, taking account of developments in decommissioning and site restoration technology, as well as the ongoing evolution of the legislative framework governing health and environmental protection.

Subsequently, the value of the obligation is adjusted to reflect the passage of time and any changes in estimates.

### **Business combinations**

The recognition of business combinations involves the fair value measurement of the assets acquired and liabilities, including any contingent consideration assumed in such transactions. For these items, the estimates and assumptions are discussed in the notes on the accounting policies adopted.

## Management judgments

### Identification of cash generating units (CGUs)

In application of IAS 36 "*Impairment of assets*", the goodwill recognized in the consolidated financial statements of the Group as a result of business combinations has been allocated to individual CGUs or groups of CGUs that will benefit from the combination. A CGU is the smallest group of assets that generates largely independent cash inflows.

In identifying such CGUs, management took account of the specific nature of its assets and the business in which it is involved (geographical area, business area, regulatory framework, etc.), verifying that the cash flows of a given group of assets were closely interdependent and largely independent of those associated with other assets (or groups of assets).

The assets of each CGU were also identified on the basis of the manner in which management manages and monitors those assets within the business model adopted.

The CGUs identified by management to which the goodwill recognized in these consolidated financial statements has been allocated are indicated in the section "Goodwill", to which the reader is invited to refer.

The number and scope of the CGUs are updated systematically to reflect the impact of new business combinations and reorganizations carried out by the Group and to take account of external factors that could impact the capacity of groups of assets to generate independent cash flows.

### Determination of the existence of control

Under the provisions of the new IFRS 10, which the Group has adopted as from January 1, 2014, albeit with retrospective application as from January 1, 2013, control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The power is defined as the current ability to direct the relevant activities of the investee based on existing substantive rights.

The existence of control does not depend, hence, solely on ownership of a majority shareholding or the contractual form used in the acquisition but it arises from substantive rights that each investor holds over the investee. Consequently, management must use its judgment in assessing whether specific situations determine substantive rights that give the Group the power to direct the relevant activities of the investee in order to affect its returns.

For the purposes of determining whether control exists, management analyzes all facts and circumstances including any agreements with other investors, rights arising from other

contractual arrangements and the Group's voting rights and potential voting rights (call options, put options granted to non-controlling shareholders, put&call options, warrants, etc.). Such other facts and circumstances could play an especially large role in the assessment, above all in cases where the Group does not hold a majority of the voting rights or similar rights in the investee. The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements considered in verifying the existence of control.

### Determination of the existence of joint control and of the type of joint arrangement

Under the provisions of the new IFRS 10, which the Group has adopted as from January 1, 2014, albeit with retrospective application as from January 1, 2013, a joint arrangement is an agreement where two, or more parties, have joint control.

Joint control exists when the decisions over the relevant activities require the unanimous consent of at least two parties of a joint arrangement.

A joint arrangement can be configured as a joint venture or a joint operation. Joint ventures are joint arrangements whereby the parties that have joint control have rights to the net assets of the arrangement. Conversely, joint operations are joint arrangements whereby the parties that have joint control have rights to the assets and obligations for the liabilities relating to the arrangement.

In order to determine the existence of the joint control and the type of joint arrangement, management must apply judgment and assess its rights and obligations arising from the arrangement. For this purpose, the management considers the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances.

The Group re-assesses whether or not it has joint control if facts and circumstances indicate that there are changes to one or more of the elements considered in verifying the existence of joint control and the type of the joint arrangement.

### Determination of the existence of significant influence over an associate

Associated companies are those in which the Group exercises significant influence, i.e. the power to participate in the financial and operating policy decisions of the investee but not exercise control or joint control over those policies. In general, it is presumed that the Group has a significant influence when it has an ownership interest of 20% or more.

In order to determine the existence of significant influence, management must apply judgment and consider all facts and circumstances.

The Group re-assesses whether or not it has significant influence if facts and circumstances indicate that there are changes to one or more of the elements considered in verifying the existence of significant influence.

### Identification of a business

The Group acquires the entities that hold project pipelines for renewables generation. In application of IFRS 3, the assets acquired, even if still under development, qualify as a business if (i) its activities are planned; (ii) the plan may use the assets and rights; (iii) the plan is already directed at the production and sale of energy.

### Application of IFRIC 12 “Service concession arrangements” to concessions

IFRIC 12 “Service concession arrangements” applies to “public-to-private” service concession arrangements, which can be defined as contracts under which the grantor transfers to a concession holder the right to deliver public services that give access to the main public facilities for a specified period of time in return for managing the infrastructure used to deliver those public services.

More specifically, IFRIC 12 applies to public-to-private service concession arrangements if the grantor:

- > controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
- > controls – through ownership or otherwise – any significant residual interest in the infrastructure at the end of the term of the arrangement.

In assessing the applicability of these provisions for the Group, management carefully analyzed existing concessions.

On the basis of that analysis, the provisions of IFRIC 12 are not applicable to any of the infrastructure of the Group.

## Related parties

Related parties are mainly parties that have the same controlling entity as Enel Green Power SpA, companies that directly or indirectly through one or more intermediaries control, are controlled or are subject to the joint control of Enel Green Power SpA and in which the latter has a holding that enables it to exercise a significant influence. Related parties also include entities that manage post-employment benefit plans for the employees of Enel Green Power SpA and its subsidiaries (specifically, the Fopen and Fondenel pension

funds), the members of the boards of auditors – and their close relatives – and the key management personnel of Enel Green Power SpA and the companies over which it exercises direct or indirect control. Key management personnel comprises management personnel who have the power and direct or indirect responsibility for the planning, management and control of the activities of the Company. They include company directors.

## Subsidiaries

Subsidiaries are all entities over which the Group has control. The figures of the subsidiaries are consolidated on a full line-by-line basis as from the date control is acquired until such control ceases.

## Consolidation procedures

The financial statements of subsidiaries used to prepare the consolidated financial statements were prepared at December 31, 2014 in accordance with the accounting policies adopted by the Parent Company.

If a subsidiary uses different accounting policies from those adopted in preparing the consolidated financial statements for similar transactions and facts in similar circumstances, appropriate adjustments are made to ensure conformity with Group accounting policies.

Assets, liabilities, revenue and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated balance sheet and in the consolidated income statement, respectively, from the date the Group gains control or until the date the Group ceases to control the subsidiary.

Profit or loss and the other components of other comprehensive income are attributed to the owners of the Parent and non-controlling interests, even if this results in a loss for non-controlling interests.

All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full.

Changes in ownership interest in subsidiaries that do not result in loss of control are accounted for as equity transactions, with the carrying amounts of the controlling and non-controlling interests adjusted to reflect changes in their interests in the subsidiary. Any difference between the fair value of the consideration paid or received and the corresponding fraction of equity acquired or sold is recognized in consolidated equity.

When the Group ceases to have control over a subsidiary,

any interest retained in the entity is remeasured to its fair value, recognized through profit or loss, at the date when control is lost. In addition, any amounts previously recognized in other comprehensive income in respect of the former subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities.

## Investments in joint arrangements and associates

A joint venture is an entity over which the Group exercises joint control and has rights to the net assets of the arrangement. Joint control is the sharing of control of an arrangement, whereby decisions about the relevant activities require unanimous consent of the parties sharing control.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee without having control or joint control over those policies.

The Group's investments in its joint ventures and associates are accounted for using the equity method.

Under the equity method, these investments are initially recognized at cost and any goodwill arising from the difference between the cost of the investment and the Group's share of the net fair value of the investee's identifiable assets and liabilities at the acquisition date is included in the carrying amount of the investment. Goodwill is not individually tested for impairment.

After the acquisition date, their carrying amount is adjusted to recognize changes in the Group's share of profit or loss of the associate or joint venture. The OCI of such investees is presented as specific items of the Group's OCI.

Distributions received from joint venture and associates reduce the carrying amount of the investments.

Profits and losses resulting from transactions between the Group and the associates or joint ventures are eliminated to the extent of the interest in the associate or joint venture.

The financial statements of the associates or joint ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in an associate or joint venture. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying amount.

If the investment ceases to be an associate or a joint ven-

ture, the Group recognizes any retained investment at its fair value, through profit or loss. Any amounts previously recognized in other comprehensive income in respect of the former associate or joint venture are accounted for as if the Group had directly disposed of the related assets or liabilities.

If the Group's ownership interest in an associate or a joint venture is reduced, but the Group continues to exercise a significant influence or joint control, the Group continues to apply the equity method and the share of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction is accounted for as if the Group had directly disposed of the related assets or liabilities.

When a portion of an investment in an associate or joint venture meets the criteria to be classified as held for sale, any retained portion of an investment in the associate or joint venture that has not been classified as held for sale is accounted for using the equity method until disposal of the portion classified as held for sale takes place.

Disclosures on investments in joint ventures and associates material to the Group are provided in the note "Equity investments accounted for using the equity method".

## Translation of foreign currency items

Transactions in currencies other than the functional currency are recognized in these financial statements at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in a foreign currency other than the functional currency are later adjusted using the balance sheet exchange rate. Non-monetary assets and liabilities in foreign currency stated at cost are translated using the exchange rate prevailing on the date of initial recognition of the transaction. Non-monetary assets and liabilities in foreign currency stated at fair value are translated using the exchange rate prevailing on the date that value was determined. Any exchange rate differences are recognized through profit or loss.

## Translation of financial statements denominated in a foreign currency

For the purposes of the consolidated financial statements, all profits/losses, assets and liabilities are stated in euro, which is also the functional currency of the Parent Company, Enel Green Power SpA.

In order to prepare the consolidated financial statements, the financial statements of consolidated companies in func-



tional currencies other than the presentation currency used in the consolidated financial statements are translated into euro by applying the relevant period-end exchange rate to the assets and liabilities, including goodwill and consolidation adjustments, and the average exchange rate for the period, which approximates the exchange rates prevailing at the date of the respective transactions, to the income state-

ment items.

Any resulting exchange rate gains or losses are recognized as a separate component of equity in a special reserve. The gains and losses are recognized proportionately in the income statement on the disposal (partial or total) of the subsidiary.

	At and for the year ended December 31, 2014		At and for the year ended December 31, 2013	
	Average	Year-end	Average	Year-end
US dollar	1.33	1.21	1.33	1.38
Canadian dollar	1.47	1.41	1.37	1.47
Brazilian real	3.12	3.22	2.87	3.26
Romanian leu	4.44	4.48	4.42	4.47
South African rand	14.40	14.04	12.83	14.57
Peruvian nuevo sol	3.77	3.63	3.59	3.86

## Business combinations

Business combinations initiated before January 1, 2010 and completed within that financial year are recognized on the basis of IFRS 3 (2004).

Such business combinations were recognized using the purchase method, where the purchase cost is equal to the fair value at the date of the exchange of the assets acquired and the liabilities incurred or assumed, plus costs directly attributable to the acquisition. This cost was allocated by recognizing the assets, liabilities and identifiable contingent liabilities of the acquired company at their fair values. Any positive difference between the cost of the acquisition and the fair value of the net assets acquired pertaining to the shareholders of the Parent Company was recognized as goodwill. Any negative difference was recognized in profit or loss. The value of non-controlling interests was determined in proportion to the interest held by minority shareholders in the net assets. In the case of business combinations achieved in stages, at the date of acquisition any adjustment to the fair value of the net assets acquired previously was recognized in equity; the amount of goodwill was determined for each transaction separately based on the fair values of the acquiree's net assets at the date of each exchange transaction.

Business combinations carried out as from January 1, 2010 are recognized on the basis of IFRS 3 (2008), which is referred to as IFRS 3 (Revised) hereafter.

More specifically, business combinations are recognized using the acquisition method, where the purchase cost (the consideration transferred) is equal to the fair value at the

purchase date of the assets acquired and the liabilities incurred or assumed, as well as any equity instruments issued by the purchaser. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Costs directly attributable to the acquisition are recognized through profit or loss.

This cost is allocated by recognizing the assets, liabilities and identifiable contingent liabilities of the acquired company at their fair values as at the acquisition date. Any positive difference between the price paid, measured at fair value as at the acquisition date, plus the value of any non-controlling interests, and the net value of the identifiable assets and liabilities of the acquiree measured at fair value is recognized as goodwill. Any negative difference is recognized in profit or loss.

The value of non-controlling interests is determined either in proportion to the interest held by minority shareholders in the net identifiable assets of the acquiree or at their fair value as at the acquisition date.

In the case of business combinations achieved in stages, at the date of acquisition of control the previously held equity interest in the acquiree is remeasured to fair value and any positive or negative difference is recognized in profit or loss. Any contingent consideration is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration classified as an asset or a liability that is a financial instrument within the scope of IAS 39 is recognized in profit or loss or in other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the ap-



appropriate IFRS/IAS. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

If the fair values of the assets, liabilities and contingent liabilities can only be calculated on a provisional basis, the business combination is recognized using such provisional values. Any adjustments resulting from the completion of the measurement process are recognized within twelve months of the date of acquisition, restating comparative figures.

Business combinations involving companies "under common control", where all the entities involved in the transaction are ultimately controlled by the same party or parties both before and after the combination and such control is not transitory, are recognized differently depending on whether the transaction has economic substance. A transaction has economic substance if the future cash flows of the entity carrying out the transaction will be materially altered as a result of the transaction.

If a transaction has economic substance, the combination is recognized as if the transaction had been carried out with a third party.

If a transaction does not have economic substance, the net assets of the acquiree are recognized using predecessor accounting, i.e. at the carrying amounts recognized in the consolidated financial statements of the ultimate Parent Company, Enel SpA. Any difference between the financial consideration paid and the carrying amount of the net assets is recognized in equity.

## Fair value measurement

For all fair value measurements and disclosures of fair value, that are either required or permitted by international accounting standards, the Group applies IFRS 13.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability, in an orderly transaction, between market participants, at the measurement date (i.e. an exit price).

The fair value measurement assumes that the transaction to sell an asset or transfer a liability takes place in the principal market, i.e. the market with the greatest volume and level of activity for the asset or liability. In the absence of a principal market, it is assumed that the transaction takes place in the most advantageous market to which the entity has access, i.e. the market that maximizes the amount that would be received to sell the asset or minimizes the amount that would be paid to transfer the liability.

The fair value of an asset or a liability is measured using the

assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. Market participants are independent, knowledgeable sellers and buyers who are able to enter into a transaction for the asset or the liability and who are motivated but not forced or otherwise compelled to do so.

When measuring fair value, the Group takes into account the characteristics of the asset or liability, in particular:

- > for a non-financial asset, a fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use;
- > for liabilities and own equity instruments, the fair value reflects the effect of non-performance risk, i.e. the risk that an entity will not fulfill an obligation;
- > in the case of groups of financial assets and financial liabilities with offsetting positions in market risk or credit risk, managed on the basis of an entity's net exposure to such risks, it is permitted to measure fair value on a net basis.

In measuring the fair value of assets and liabilities, the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All of the assets and liabilities measured at fair value or whose fair value is reported in the notes to the financial statements are classified in accordance with the three-level hierarchy described below, depending on the inputs used in determining their fair value.

More specifically:

- > level 1, where the fair value is determined on basis of quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- > level 2, where the fair value is determined on basis of inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- > level 3, where the fair value is determined on the basis of unobservable inputs.

For assets and liabilities measured at fair value on a recurring basis, the Group determines whether any transfers between these levels have occurred, identifying at the end of the reporting period the level in which the material input with the lowest level has been classified.

## Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes expenses directly attributable to bringing the asset to the location and condition necessary for its intended use.

The cost is also increased by the present value of the estimate of the costs of decommissioning and restoring the site on which is located the asset where there is a legal or constructive obligation to do so. The corresponding liability is recognized under provisions for risks and charges. The accounting treatment of changes in the estimate of these costs, the passage of time and the discount rate is discussed under "Provisions for risks and charges".

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, i.e. an asset that takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of the cost of the assets themselves. Borrowing costs associated with the purchase/construction of assets that do not meet such requirement are expensed in the period in which they are incurred.

Certain assets that were revalued at the IFRS-EU transition date or in previous periods are recognized at their fair value, which is considered to be their deemed cost at the revaluation date.

Where major components of property, plant and equipment have different useful lives, the components are recognized and depreciated separately.

Subsequent costs are recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits associated with the cost incurred to replace a part of the asset will flow to the Group and the cost of the item can be measured reliably. All other costs are recognized in profit or loss as incurred.

The cost of replacing part or all of an asset is recognized as an increase in the carrying amount of the asset and is depreciated over its useful life; the net carrying amount of the replaced unit is derecognized through profit or loss.

Property, plant and equipment, net of its residual value, is depreciated on a straight-line basis over its estimated useful life, which is reviewed annually and, if appropriate, adjusted prospectively. Depreciation begins when the asset is available for use.

The estimated useful life of the main items of property, plant and equipment is as follows.

Property, plant and equipment <sup>(1)</sup>	Useful life (years)
<b>Hydroelectric power plants</b>	
Buildings and civil works	60
Plant and machinery:	
- penstocks	50
- mechanical and electrical machinery	40
- other fixed hydraulic works	100
<b>Geothermal power plants</b>	
Buildings and civil works	60
Plant and machinery:	
- cooling towers	20
- turbines and generators	30
- turbine parts in contact with fluid	10
- other mechanical machinery	20
<b>Wind power plants</b>	
Buildings and civil works	60
Plant and machinery:	
- towers	25
- turbines and generators	25
- other mechanical machinery	15-25
<b>Solar power plants</b>	
Buildings and civil works	20-25
Plant and machinery:	
- other mechanical machinery	18-20

(1) The assets include immaterial items of property, plant and equipment whose useful life may differ from the estimated life.

The useful life of property, plant and equipment represented by leasehold improvements is determined on the basis of the term of the lease or, if shorter, on the duration of the benefits produced by the improvements themselves.

Land is not depreciated as it has an undetermined useful life. Assets recognized under property, plant and equipment are derecognized either at the time of their disposal or when no future economic benefit is expected from their use or disposal. Any gain or loss, recognized through profit or loss, is calculated as the difference between the net consideration received in the disposal, where present, and the net book value of the derecognized assets.

In Italy, plants include assets to be relinquished free of charge at the end of hydroelectric water diversion concessions, which mainly comprise . These mainly regard intake and governing works, penstocks, outflow channels. These concessions are set to expire on December 31, 2029. Within

the regulatory framework in force until 2011, if the concessions are not renewed, at those dates all intake and governing works, penstocks and outflow channels were to be relinquished free of charge to the State in good operating condition. Accordingly, depreciation on assets to be relinquished was calculated over the shorter of the term of the concession and the remaining useful life of the assets.

As discussed in the section "Depreciable value of certain elements of Italian hydroelectric plants subsequent to enactment of Law 134/2012", in the wake of the legislative changes introduced with Law 134 of August 7, 2012, the assets previously classified as assets "to be relinquished free of charge" connected with the hydroelectric water diversion concessions are now considered in the same manner as other categories of "property, plant and equipment" and are therefore depreciated over the economic and technical life of the asset (where this exceeds the term of the concession).

## Leases

The Group holds property, plant and equipment and intangible assets for its various activities under lease contracts.

These contracts are analyzed on the basis of the circumstances and indicators set out in IAS 17 in order to determine whether they constitute operating leases or finance leases.

A finance lease is defined as a lease that transfers substantially all the risks and rewards incidental to ownership of the related asset to the lessee. All leases that do not meet the definition of a finance lease are classified as operating leases.

On initial recognition assets held under finance leases are recognized as property, plant and equipment or as intangible assets and the related liability is recognized under long-term borrowings. At inception date finance leases are recognized at the lower of the fair value of the leased asset and the present value of the minimum lease payments due, including the payment required to exercise any purchase option.

The assets are depreciated on the basis of their useful lives. If it is not reasonably certain that the Group will acquire the assets at the end of the lease, they are depreciated over the shorter of the lease term and the useful life of the assets.

Payment made under operating lease are recognized as a cost on a straight-line basis over the lease term.

Although not formally designated as lease agreements,

certain types of contract can be considered as such if the fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and if the arrangement conveys a right to use such assets.

## Intangible assets

Intangible assets are identifiable assets without physical substance controlled by the entity and capable of generating future economic benefits. They are measured at purchase or internal development cost when it is probable that the use of such assets will generate future economic benefits and the related cost can be reliably determined.

The cost includes any directly attributable expenses necessary to make the assets ready for their intended use.

Internal development costs are recognized as an intangible asset when both the Group is reasonably assured of the technical feasibility of completing the intangible asset and that the asset will generate future economic benefits and it has intention and ability to complete the asset and use or sell it.

Research costs are recognized as expenses.

Intangible assets with a finite useful life are reported net of accumulated amortization and any impairment losses.

Amortization is calculated on a straight-line basis over the item's estimated useful life, which is reassessed at least annually; any changes in amortization policies are reflected on a prospective basis. Amortization commences when the asset is ready for use.

Consequently, intangible assets not yet available for use are not amortized, but are tested for impairment at least annually.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is accounted for as a change in accounting estimate.

Intangible assets are derecognized either at the time of their disposal or when no future economic benefit is expected from their use or disposal. Any gain or loss, recognized through profit or loss, is calculated as the difference between the net consideration received in the disposal, where present, and the net book value of the derecognized assets. Power purchase agreements are amortized over the term of the associated contract.

## Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, as measured at fair value at the acquisition date, over the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is not amortized, but is tested for recoverability at least annually using the criteria discussed in the section "Impairment of non-financial assets". For the purpose of impairment testing, goodwill is allocated, from the acquisition date, to each of the identified cash generating units.

Goodwill relating to equity investments in associates and joint venture is included in their carrying amount.

## Impairment of non-financial assets

At each reporting date, non-financial assets are reviewed to determine whether there is evidence of impairment. If such evidence exists, the recoverable amount of any involved asset is estimated. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use.

In order to determine the recoverable amount of property, plant and equipment, intangible assets and goodwill, the Group generally adopts the value-in-use criterion.

The value in use is represented by the present value of the

estimated future cash flows generated by the asset in question. Value in use is determined by discounting estimated future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks of the asset.

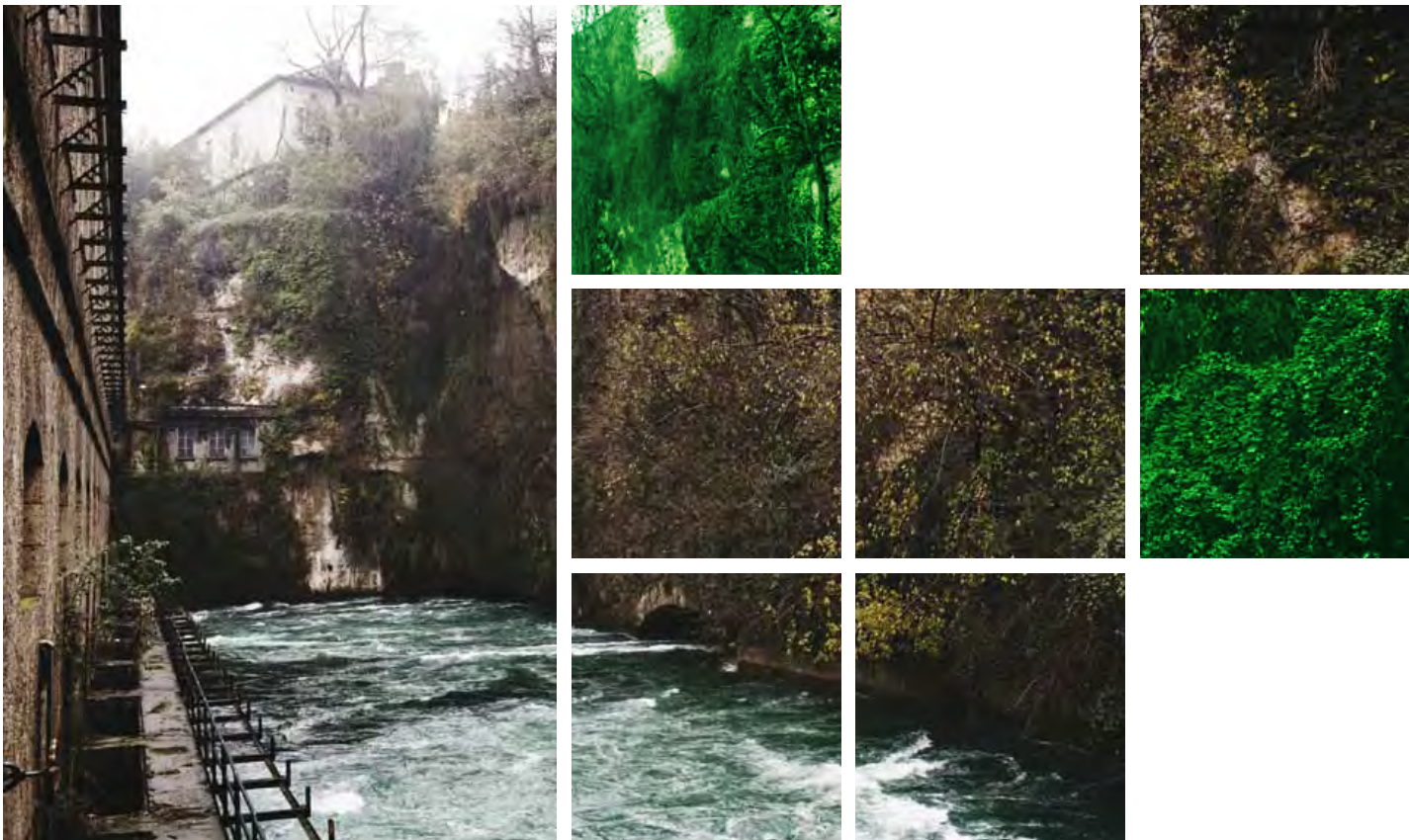
The future cash flows used to determine value in use are based on the most recent business plan, approved by the management, containing forecasts for volumes, revenue, operating costs and investments.

These projections cover the next five years. Consequently, cash flows related to subsequent periods are determined on the basis of a long-term growth rate that does not exceed the average long-term growth rate for the particular sector and country.

The recoverable amount of assets that do not generate independent cash flows is determined based on the cash generating unit to which the asset belongs.

If the carrying amount of an asset or of a cash generating unit to which it is allocated is higher than its recoverable amount, an impairment loss is recognized in profit or loss under "Depreciation, amortization and impairment losses".

Impairment losses of cash generating units are firstly charged against the carrying amount of any goodwill attributed to it and then against the other assets, in proportion to their carrying amount.





If the reasons for a previously recognized impairment loss no longer obtain, the carrying amount of the asset is restored through profit or loss, under "Depreciation, amortization and impairment losses", in an amount that shall not exceed the net carrying amount that the asset would have had if the impairment loss had not been recognized and depreciation or amortization had been performed.

The recoverable amount of goodwill, intangible assets with an indefinite useful life and intangible assets not yet available for use is tested for recoverability annually or more frequently if there is evidence suggesting that the assets may be impaired. The original value of goodwill is not restored even if in subsequent years the reasons for the impairment no longer obtain.

If certain specific identified assets owned by the Group are impacted by adverse economic or operating conditions that undermine their capacity to contribute to the generation of cash flows, they can be isolated from the rest of the assets of the cash generating unit, undergo separate analysis of their recoverability and impaired where necessary.

## Inventories

Inventories are measured at the lower of cost and net estimated realizable value except for inventories involved in trading activities, which are measured at fair value with recognition through profit or loss. Cost is determined on the basis of average weighted cost, which includes related ancillary charges. Net estimated realizable value is the estimated normal selling price net of estimated costs to sell or, where applicable, replacement cost.

For the portion of inventories held to discharge sales that have already been made, the net realizable value is determined on the basis of the amount established in the contract of sale.

Materials and other consumables held for use in production are not written down if it is expected that the final product in which they will be incorporated will be sold at a price sufficient to enable recovery of the cost incurred.

Advances paid to suppliers of plant components are initially recognized under other current assets and are then reclassified to inventories at the time of physical delivery. These inventories are then reclassified to "Property, plant and equipment" at the time they are used to build new plant or in the maintenance of an existing plant.

## Financial instruments

Financial instruments are recognized and measured in accordance with IAS 32 and IAS 39.

A financial asset or liability is recognized in the consolidated financial statements when, and only when, the Group becomes party to the contractual provisions of the instrument (the trade date).

Financial instruments are classified as follows under IAS 39:

- > financial assets and liabilities at fair value through profit or loss;
- > held-to-maturity financial assets;
- > loans and receivables;
- > available-for-sale financial assets;
- > financial liabilities measured at amortized cost.

### Financial assets and liabilities at fair value through profit or loss

This category includes: securities, equity investments in entities other than subsidiaries, associates and joint ventures and investment funds held for trading or designated as at fair value through profit or loss at the time of initial recognition.

Financial instruments at fair value through profit or loss are financial assets and liabilities:

- > classified as held for trading because acquired or incurred principally for the purpose of selling or repurchasing at short term;
- > designated as such upon initial recognition, under the option allowed by IAS 39 (the fair value option).

Such financial assets and liabilities are initially recognized at fair value with subsequent gains and losses from changes in their fair value recognized through profit or loss.

### Held-to-maturity financial assets

This category comprises non-derivative financial assets with fixed or determinable payments and fixed maturity, quoted on an active market and not representing equity investments, that the Group has the positive intention and ability to hold until maturity. They are initially recognized at fair value, including any transaction costs, and subsequently measured at amortized cost using the effective interest method.

### Loans and receivables

This category mainly includes trade receivables and other financial receivables. Loans and receivables are non-derivative

financial assets with fixed or determinable payments, that are not quoted on an active market, other than those the Group intends to sell immediately or in the short-term (which are classified as held for trading) and those that the Group, on initial recognition, designates as either at fair value through profit or loss or available for sale. Such assets are initially recognized at fair value, adjusted for any transaction costs, and are subsequently measured at amortized cost using the effective interest method, without discounting unless material.

### Available-for-sale financial assets

This category mainly includes listed debt securities not classified as held to maturity and equity investments in other entities (unless classified as “designated as at fair value through profit or loss”). Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity financial assets or financial assets at fair value through profit or loss.

These financial instruments are measured at fair value with changes in fair value recognized in other comprehensive income.

At the time of sale, or when a financial asset available for sale becomes an investment in a subsidiary as a result of successive purchases, the cumulative gains and losses previously recognized in equity are reversed to the income statement.

When the fair value cannot be determined reliably, these assets are recognized at cost adjusted for any impairment losses.

### Impairment of financial assets

At each reporting date, all financial assets classified as loans and receivables (including trade receivables), held to maturity or available for sale, are assessed in order to determine if there is objective evidence that an asset or a group of financial assets is impaired.

An impairment loss is recognized if and only if such evidence exists as a result of one or more events that occurred after initial recognition and that have an impact on the future cash flows of the asset and which can be estimated reliably. Objective evidence of an impairment loss includes observable data about, for example:

- > significant financial difficulty of the issuer or obligor;
- > a breach of contract, such as a default or delinquency in interest or principal payments;

- > evidence that the borrower will enter bankruptcy or other form of financial reorganization;

- > a measurable decrease in estimated future cash flows.

Losses that are expected to arise as a result of future events are not recognized.

For financial assets classified as loans and receivables or held to maturity, once an impairment loss has been identified, its amount is measured as the difference between the carrying amount of the asset and the present value of expected future cash flows, discounted at the original effective interest rate. This amount is recognized in profit or loss.

The carrying amount of trade receivable is reduced through use of an allowance account.

If the amount of a past impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the impairment is reversed through profit or loss.

Further factors are considered in case of impairment of available for sale equity investments, such as significant adverse changes in the technological, market, economic or legal environment.

A significant or prolonged decline in fair value constitutes objective evidence of impairment and, therefore, the fair value loss previously recognized in other comprehensive income is reclassified from equity to income.

The amount of the cumulative loss is the difference between the acquisition cost and the current fair value, less any impairment loss previously recognized in profit or loss. An impairment loss on an available for sale equity investment cannot be reversed.

If there is objective evidence of impairment for unquoted equity instruments measured at cost because fair value cannot be reliably measured, the amount of the impairment loss is measured as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the current rate of return for a similar financial asset. Reversal of impairment are not permitted in these cases either.

The amount of the impairment loss on a debt instrument classified as available for sale, to be reclassified from equity, is the cumulative fair value loss recognized in other comprehensive income. Such impairment loss is reversed through profit or loss if the fair value of the debt instrument objectively increases as a result of an event that occurred after the impairment loss was recognized.



## Cash and cash equivalents

This category includes deposits that are available on demand or at very short term, as well as highly liquid short-term financial investments that are readily convertible into a known amount of cash and which are subject to insignificant risk of changes in value.

In addition, for the purpose of the consolidated statement of cash flows, cash and cash equivalents do not include bank overdrafts at period-end.

## Financial liabilities at amortized cost

This category mainly includes borrowings, trade payables, finance lease obligations and debt instruments.

Financial liabilities other than derivatives are recognized when the Group becomes a party to the contractual clauses of the instrument and are initially measured at fair value adjusted for directly attributable transaction costs. Financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

## Derivative financial instruments

A derivative is a financial instrument or another contract:

- > whose value changes in response to the changes in an underlying variable such as an interest rate, commodity or security price, foreign exchange rate, a price or rate index, a credit rating or other variable;
- > that requires no initial net investment, or an initial net investment that is smaller than would be required for a contract with a similar response to changes in market factors;
- > that is settled at a future date.

Derivative instruments are classified as financial assets or liabilities depending on whether their fair value is positive or negative and they are classified as "held for trading" and measured at fair value through profit or loss, except for those designated as effective hedging instruments.

For more details about hedge accounting, please see note "Derivatives and hedge accounting".

All derivatives held for trading are classified as current assets or liabilities.

Derivatives not held for trading purposes but measured at fair value through profit or loss since they do not qualify for hedge accounting and derivatives designated as effective hedging instruments are classified as current or non-current on the basis of their maturity date and the Group's intention to hold the financial instrument until maturity or not.

## Embedded derivatives

An embedded derivative is a derivative included in a "combined" contract (the so-called "hybrid instrument") that contains another non-derivative contract (the so-called host contract) and gives rise to some or all of the combined contract's cash flows.

The main Group contracts that may contain embedded derivatives are contracts to buy or sell non-financial items with clauses or options that affect the contract price, volume or maturity.

Such contracts, which are not financial instruments to be measured at fair value, are analyzed in order to identify any embedded derivative, which are to be separated and measured at fair value. This analysis is performed when the Group becomes party to the contract or when the contract is renegotiated in a manner that significantly changes the original associated cash flows. Embedded derivatives are separated from the host contract and accounted for as derivatives when:

- > host contract is not a financial instrument measured at fair value through profit or loss;
- > the economic risks and characteristics of the embedded derivative are not closely related to those of the host contract;
- > a separate contract with the same terms as the embedded derivative would meet the definition of a derivative.

Embedded derivatives that are separated from the host contract are recognized in the consolidated financial statements at fair value with changes recognized through profit or loss (except when the embedded derivative is part of a designated hedging relationship).

## Contracts to buy or sell non-financial items

In general, contracts to buy or sell non-financial items that are entered into and continue to be held for receipt or delivery, in accordance with the Group's normal expected purchase, sale or usage requirements, do not fall within the scope of IAS 39 and are there recognized in accordance with the normal accounting treatment of such transactions (the "own use exemption").

Such contracts are recognized as derivatives and, as a consequence, at fair value through profit or loss only if:

- > they can be settled net in cash; and
- > they are not entered into in accordance with the Group's expected purchase, sale or usage requirements.

A contract to buy or sell non-financial items is classified as a "normal purchase or sale" if it is entered into:

- > for the purpose of physical delivery;

> in accordance with the entity's expected purchase, sale or usage requirements.

The Group analyzes all contracts to buy or sell non-financial assets, with a specific focus on forward purchases and sales of electricity and energy commodities, in order to determine if they should be classified and treated in accordance with IAS 39 or if they have been entered into for "own use".

## Derecognition of financial assets and liabilities

Financial assets are derecognized whenever one of the following conditions is met:

- > the contractual right to receive the cash flows associated with the asset expires;
- > the Group has transferred substantially all the risks and rewards associated with the asset, transferring its rights to receive the cash flows of the asset or assuming a contractual obligation to pay such cash flows to one or more beneficiaries under a contract that meets the requirements established by IAS 39 (the "pass through test");
- > the Group has not transferred or retained substantially all the risks and rewards associated with the asset but has transferred control over the asset.

Financial liabilities are derecognized when they are extinguished, i.e. when the contractual obligation has been discharged, cancelled or expired.

## Offsetting financial assets and liabilities

The Group offsets financial assets and liabilities when:

- > there is a legally enforceable right to set off the recognized amounts; and
- > it has the intention of either settling on a net basis, or realizing the asset and settling the liability simultaneously.

## Post-employment and other employee benefits

Liabilities related to employee benefits paid upon or after ceasing employment in connection with defined benefit plans or other long-term benefits accrued during the employment period are determined separately for each plan, using actuarial assumptions to estimate the amount of the future benefits that employees have accrued at the balance sheet date (the projected unit credit method). More specifically, the present value of the defined benefit obligation is calculated by using a discount rate determined on the basis of market yields at the end of the reporting period on high-quality corporate bonds.

The liability is recognized on an accruals basis over the vesting period of the related rights. These appraisals are performed by independent actuaries.

If the value of plan assets exceeds the present value of the related defined benefit obligation, the surplus (up to the limit of any cap) is recognized as an asset.

As regards the liabilities (assets) of defined benefit plans, the cumulative actuarial gains and losses from the actuarial measurement of the liabilities, the return on the plan assets (net of the associated interest income) and the effect of the asset ceiling (net of the associated interest income) are recognized in other comprehensive income when they occur. For other long-term benefits, the related actuarial gains and losses are recognized through profit or loss.

In the event of a change being made to an existing defined benefit plan or the introduction of a new plan, any past service cost is recognized immediately in profit or loss.

Employees are also enrolled in defined contribution plans under which the Group pays fixed contributions to a separate entity (a fund) and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Such plans are usually aimed to supplement pension benefits due to employees post-employment. The related costs are recognized in income statement on the basis of the amount of contributions paid in the period.

## Termination benefits

Liabilities for benefits due to employees for the early termination of the employment relationship, both as a result of a decision by the Group or an employee's decision to accept voluntary redundancy in exchange for these benefits, are recognized at the earlier of the following dates:

- > when the entity can no longer withdraw its offer of benefits; and
- > when the entity recognizes a cost for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

The liabilities are measured on the basis of the nature of the employee benefits. More specifically, when the benefits represent an enhancement of other post-employment benefits, the associated liability is measured in accordance with the rules governing that type of benefit. Otherwise, if the termination benefits due to employees are expected to be settled wholly before twelve months after the end of the annual reporting period, the entity measures the liability in

accordance with the requirements for short-term employee benefits; if they are not expected to be settled wholly before twelve months after the end of the annual reporting period, the entity measures the liability in accordance with the requirements for other long-term employee benefits.

## Provisions for risks and charges

Provisions are recognized where there is a legal or constructive obligation as a result of a past event at the end of the reporting period, the settlement of which is expected to result in an outflow of resources whose amount can be reliably estimated. Where the impact is significant, the accruals are determined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and, if applicable, the risks specific to the liability. If the provision is discounted, the periodic adjustment of the present value for the time factor is recognized as a financial expense.

When the Group expects some or all of the expenditure required to extinguish a liability will be reimbursed by a third party, the reimbursement is recognized as a separate asset if such reimbursement is virtually certain.

Where the liability relates to plant decommissioning and/or site restoration, the initial recognition of the provision is made against the related asset and the expense is then recognized in profit or loss through the depreciation of the asset involved.

In the case of contracts in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it (onerous contracts), the Group recognizes a provision as the lower of the costs of fulfilling the obligation that exceed the economic benefits expected to be received under the contract and any compensation or penalty arising from failure to fulfil it.

Changes in estimates of accruals to the provision are recognized in the income statement in the period in which the changes occur, with the exception of those in respect of the costs of decommissioning, dismantling and/or restoration resulting from changes in the timetable and costs necessary to extinguish the obligation or from a change in the discount rate. These changes increase or decrease the value of the related assets and are taken to the income statement through depreciation. Where they increase the value of the assets, it is also determined whether the new carrying amount of the assets is fully recoverable. If this is not the case, a loss equal to the unrecoverable amount is recognized in the income statement.

Decreases in estimates are recognized up to the carrying amount of the assets. Any excess is recognized immediately in the income statement.

For more information on the estimation criteria adopted in determining liabilities for plant dismantling and site restoration please see the section on the use of estimates.

## Government grants

Government grants, including non-monetary grants at fair value, are recognized where there is reasonable assurance that they will be received and that the Group will comply with all conditions attaching to them as set by the government, government agencies and similar bodies whether local, national or international.

When loans are provided by governments at a below-market rate of interest, the benefit is regarded as a government grant. The loan is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying amount of the loan and the funds received. The loan is subsequently measured in accordance with the requirements for financial liabilities.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the costs that the grants are intended to compensate.

Where the Group receives government grants in the form of a transfer of a non-monetary asset for the use of the Group, it accounts for both the grant and the asset at the fair value of the non-monetary asset received at the date of the transfer.

Grants related to long-lived assets, including non-monetary grants at fair value, i.e. those received to purchase, build or otherwise acquire non-current assets (for example, an item of property, plant and equipment or an intangible asset), are recognized on a deferred basis under other liabilities and are credited to profit or loss on a straight-line basis over the useful life of the asset.

## Green certificates

Green certificates are treated as non-monetary government operating grants and initially recognized at fair value under "Other revenue and income", on an accruals basis, in the accounting period in which the clean electricity generated is delivered to the grid, with recognition of an asset under other non-financial assets.

At the time the certificates are credited to the ownership account, they are reclassified from other assets to inventories.

## Tax partnerships

Tax partnerships are instruments governed by US tax law that make it possible to transfer to non-Group entities ("tax equity investors"), on certain conditions and in specific areas provided for in the applicable regulations, the tax benefits granted in the United States to companies that produce energy from renewable resources.

The Group currently has tax partnership arrangements with several financial institutions in order to finance a number of wind power projects.

The capital provided by the financial investors is reported under "Long-term borrowings" and accounted for using the amortized cost method.

The liability is reduced by the value of the tax benefits transferred to the financial institutions over the life of the contract once production has begun. The impact is recognized in profit or loss under "Revenue from sales and services", in line with industry practice and bearing in mind that they accrue and are measured on the basis of the amount of electricity generated.

## Non-current assets (or disposal groups) classified as held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, rather than through continuing use.

This classification criteria is applicable only when non-current assets (or disposal groups) are available in their present condition for immediate sale and the sale is highly probable. If the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the classification criteria are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

The Group applies these classification criteria as envisaged in IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale is accounted for using the equity method until disposal of the portion that is classified as held for sale takes place.

Non-current assets (or disposal groups) and liabilities of disposal groups classified as held for sale are presented separately from other assets and liabilities in the balance sheet.

The amounts presented for non-current assets or for the assets and liabilities of disposal groups classified as held for sale are not reclassified or re-presented for prior periods presented.

Immediately before the initial classification of non-current assets (or disposal groups) as held for sale, the carrying amounts of such assets (or disposal groups) are measured in accordance with the IFRS/IAS applicable to the specific assets or liabilities. Non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses for any initial or subsequent write-down of the assets (or disposal groups) to fair value less costs to sell and gains for their reversals are included in profit or loss from continuing operations.

Non-current assets are not depreciated (or amortized) while they are classified as held for sale or while they are part of a disposal group classified as held for sale.

If the classification criteria are no longer met, the Group ceases to classify the non-current assets (or disposal groups) as held for sale. In that case, they are measured at the lower of:

- > the carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortization or revaluations that would have been recognized if the asset (or disposal group) had not been classified as held for sale; and
- > the recoverable amount, which is equal to the greater of its fair value net of costs of disposal and its value in use, as calculated at the date of the subsequent decision not to sell.

Any adjustment to the carrying amount of a non-current asset that ceases to be classified as held for sale is included in profit or loss from continuing operations.

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale, and:

- > represents a separate major line of business or geographical area of operations;
- > is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- > is a subsidiary acquired exclusively with a view to resale.

The Group presents, in a separate line item of the income statement, a single amount comprising the total of:

- > the post-tax profit or loss of discontinued operations; and
- > the post-tax gain or loss recognized on the measurement to fair value less costs to sell or on the disposal of the assets or disposal groups constituting the discontinued operation.

The corresponding amount is re-presented in the income statement for prior periods presented in the financial statements, so that the disclosures relate to all operations that are discontinued by the end of the current reporting period. If the Group ceases to classify a component as held for sale, the results of the component previously presented in discontinued operations are reclassified and included in income from continuing operations for all periods presented.

## Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the amount can be reliably measured. Revenue includes only the gross inflows of economic benefits received and receivable by the Group on its own account. Therefore, in an agency relationship, the amount collected on behalf of the principal are excluded from revenue.

Revenue is measured at the fair value of the consideration received or receivable, taking into account the amount of any trade discounts and volume rebates allowed by the Group.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction which generates revenue.

In arrangements under which the Group will perform multiple revenue-generating activities (a multiple-element arrangement), the recognition criteria are applied to the separately identifiable components of the transaction in order to reflect the substance of the transaction or to two or more transactions together when they are linked in such a way that the commercial effect cannot be understood without reference to the series of transactions as a whole.

More specifically, the following criteria are used depending on the type of transaction:

- > revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods are transferred to the buyer and their amount can be reliably determined;
- > revenue from the sale and transport of electricity is recognized when the commodity is supplied to the customer and referred to the quantities provided during the period, even if these have not yet been invoiced, and is determined using periodic meter readings at the production plants and data exchanged with any other market operators;
- > revenue from the rendering of services is recognized by reference to the stage of completion of services at the

end of the reporting periods in which the services are rendered. The stage of completion of the transaction is determined based on an assessment of the service rendered as a percentage of the total services to be rendered or as costs incurred as a proportion of the estimated total costs of the transaction. When it is not possible to reliably determine the value of the revenue, it is recognized only to the extent of the expenses recognized that are recoverable.

## Financial income and expense from derivatives

Financial income and expense from derivatives includes:

- > income and expense from derivatives measured at fair value through profit or loss on interest rate and foreign exchange risk;
- > income and expense from cash flow hedge derivatives on interest rate and foreign exchange risks.

## Other financial income and expense

For all financial assets and liabilities measured at amortized cost and interest-bearing financial assets classified as available-for-sale, interest income and expense is recorded using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Interest income is recognized to the extent that it is probable that the economic benefits will flow to the Group and the amount can be reliably measured.

Other financial income and expense also includes changes in the fair value of financial instruments other than derivatives.

## Income taxes

### Current income taxes

Current income taxes for the period, which are recognized under "income tax payable" net of payments on account, or under "tax receivables" where there is a credit balance, are determined using an estimate of taxable income and in conformity with the applicable regulations.

In particular, such payables and receivables are determined using the tax rates and tax laws that are enacted or substantively enacted as at the end of the reporting period.



Current income taxes are recognized in profit or loss with the exception of current income taxes related to items recognized outside profit or loss that are recognized in equity.

### Deferred tax items

Deferred tax liabilities and assets are calculated on the temporary differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding values recognized for tax purposes on the basis of tax rates in effect on the date the temporary difference will reverse, which is determined on the basis of tax rates that are enacted or substantively enacted as at end of the reporting period.

Deferred tax liabilities are recognized for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the Group can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, when recovery is probable, i.e. when an entity expects to have sufficient future taxable income to recover the asset.

The recoverability of deferred tax assets is reviewed at each period-end.

Unrecognized deferred tax assets are re-assessed at each reporting date and they are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred taxes are recognized in profit or loss, with the exception of those in respect of items recognized outside profit or loss that are recognized in equity.

Deferred tax assets and deferred tax liabilities are offset against current tax liabilities related to income taxes levied by the same taxation authority that arise at the time of reversal if a legally enforceable right to set-off exists.

### Dividends

Dividends are recognized when the right to receive payment is established.

Dividends payable to non-controlling shareholders are recognized as changes in equity at the date on which they are approved by the Shareholders' Meeting.

## 3

### Recently issued accounting standards

#### New accounting standards applied in 2014

The Group adopted the following accounting standards and amendments to existing standards with effect as from January 1, 2014:

> "IFRS 10 – *Consolidated financial statements*". Replaces "SIC 12 – *Consolidation – Special purpose entities*" and, for the part concerning consolidated financial statements, "IAS 27 – *Consolidated and separate financial statements*", the title of which was changed to "*Separate financial statements*". The standard introduces a new approach to determining whether an entity controls another (the essential condition for consolidating an investee), without modifying the consolidation procedures envisaged in the previous IAS 27. This approach must be applied to all investees, including special purpose entities, which are called "structured entities" in the new standard. While previous accounting standards gave priority – where control did not derive from holding a majority of actual or potential voting rights – to an assessment of the risks/benefits associated with the holding in the investee, IFRS 10 focuses the determination on three elements to be considered in each assessment: the power to direct relevant activities of the investee; exposure to variable returns from the involvement in the investee; and the link between power and returns, i.e. the ability to use that decision-making power over the investee to affect the amount of returns. The accounting effects of a loss of control or a change in the ownership interest that does not result in a loss of control are unchanged with respect to the provisions of the previous IAS 27.

The retroactive application of the standard did not have an impact on the consolidated financial statements.

> "IAS 27 – *Separate financial statements*". Together with the issue of IFRS 10 and IFRS 12, the previous IAS 27 was also amended, with changes to its title and its content. All provisions concerning the preparation of consolidated financial statements were eliminated, while the other provisions were not modified. Following the amendment, the standard therefore only specifies the recognition and measurement criteria and the disclosure requirements



for separate financial statements concerning subsidiaries, joint ventures and associates.

The application of the amendments did not have an impact on the separate financial statements.

- > "IFRS 11 – *Joint arrangements*". Replaces "IAS 31 – *Interests in joint ventures*" and "SIC 13 – *Jointly controlled entities – non-monetary contributions by venturers*". Unlike IAS 31, which assessed joint arrangements on the basis of the contractual form adopted, IFRS 11 assesses them on the basis of how the related rights and obligations are attributed to the parties. In particular, the new standard identifies two types of joint arrangement: joint operations, where the parties to the arrangement have *pro-rata* rights to the assets and *pro-rata* obligations for the liabilities relating to the arrangement; and joint ventures, where the parties have rights to a share of the net assets or profit/loss of the arrangement.

In the consolidated financial statements and the separate financial statements, accounting for an interest in a joint operation involves the *pro-rata* recognition of the assets/liabilities and revenues/expenses related to the arrangement on the basis of the associated rights/obligations, without taking account of the interest held. Accounting for an interest in a joint venture involves the recognition of an investment accounted for using the equity method. Proportionate consolidation is therefore no longer permitted.

The effects of the retrospective application of the standard in the consolidated financial statements are discussed in the section "Restatement of comparative disclosures at December 31, 2013" below.

- > "IAS 28 – *Investments in associates and joint ventures*". Together with the issue of IFRS 11 and IFRS 12, the previous IAS 28 was amended, with changes to its title and its content. In particular, the new standard, which also includes the provisions of "SIC 13 – *Jointly controlled entities – non-monetary contributions by venturers*", describes the application of the equity method, which in consolidated financial statements is used to account for associates and joint ventures.

The effects of the retrospective application of the standard in the consolidated financial statements are discussed – together with those generated by the introduction of IFRS 11 – in the section "Restatement of comparative disclosures at December 31, 2013" below.

- > "IFRS 12 – *Disclosure of interests in other entities*". IFRS 12 brings together in a single standard the required disclosures concerning interests held in subsidiaries, joint

operations and joint ventures, associates and structured entities. In particular, the standard replaces the disclosures called for in the previous versions of IAS 27, IAS 28 and IAS 31 in order to ensure the disclosure of more uniform and consistent information, introducing new requirements for disclosures concerning subsidiaries with significant non-controlling shareholders and individually material associates and joint ventures, as well as structured entities.

The retrospective application of the measure did not have an impact on the consolidated financial statements.

- > "Amendments to IAS 32 – *Financial Instruments: Presentation – Offsetting financial assets and financial liabilities*". The new version of IAS 32 establishes that a financial asset and a financial liability should be offset and the net amount reported in the balance sheet when, and only when, an entity:

- a) has a legally enforceable right to set off the amounts; and
- b) intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The amendments to IAS 32 clarify that, in order to satisfy the first requirement, the right of set-off must not be conditioned upon the occurrence of a future event and must be legally enforceable in the normal course of business and in the event of breach, insolvency or bankruptcy. The company's intent to settle net items can be seen in the course of normal business practices, through the operation of financial markets and through the absence of restrictions on the ability to settle gross and net financial assets and liabilities simultaneously. With regard to this requirement, the amendments to IAS 32 state that, where the entity settles financial assets and liabilities separately, for the purpose of offsetting such in the financial statements, the gross settlement system must have specific characteristics that eliminate or reduce the degree of credit and liquidity risk to insignificant levels, as well as processing receivables and payables in a single settlement process.

The application of this standard did not have a significant impact on the consolidated financial statements.

- > "Amendments to IFRS 10, IFRS 11 and IFRS 12 – *Transition guidance*". The amendments are intended to clarify a number of issues concerning the first-time adoption of IFRS 10, IFRS 11 and IFRS 12. In particular, IFRS 10 was amended to clarify that the date of initial application of the standard shall mean "the beginning of the annual reporting period in which IFRS 10 is applied for the first

time" (i.e. January 1, 2013). In addition, the amendments limited the comparative disclosures to be provided in the first year of application. IFRS 11 and IFRS 12 were amended analogously, limiting the effects, both in terms of restatement of financial data and of disclosures, of initial application of IFRS 11.

The retrospective application of the amendments did not have an impact on the consolidated financial statements.

- > "Amendments to IFRS 10, IFRS 12 and IAS 27 – *Investment entities*". The amendments introduce an exception to the requirement under IFRS 10 to consolidate all subsidiaries if the Parent qualifies as an "investment entity". More specifically, investment entities, as defined in the amendments, shall not consolidate their subsidiaries unless the latter provide services associated with the investment activities of the Parent. Non-consolidated subsidiaries shall be measured in conformity with IFRS 9 or IAS 39. The Parent of an investment entity shall, however, consolidate all of its subsidiaries (including those held through the investment entity) unless it also qualifies as an investment entity.

The retrospective application of the amendments did not have an impact on the consolidated financial statements.

- > "Amendments to IAS 36 – *Recoverable amount disclosures for non-financial assets*". The amendments of IAS 36 as a consequence of the provisions of IFRS 13 did not reflect the intentions of the IASB concerning the disclosures to report about the recoverable amount of impaired assets. Consequently, the IASB amended the standard further, eliminating the disclosure requirements originally introduced by IFRS 13 and requiring specific disclosures concerning the measurement of fair value in cases in which the recoverable amount of impaired assets is calculated on the basis of fair value less costs of disposal. The amendments also require disclosures on the recoverable amount of assets or cash generating units for which an impairment loss has been recognized or reversed during the period.

The retrospective application of the amendments did not have an impact on the consolidated financial statements.

- > "Amendments to IAS 39 – *Novation of derivatives and continuation of hedge accounting*". The amendments are intended to allow entities, under certain conditions, to continue hedge accounting in the case of novation of the hedging instrument with a central counterparty as a result of the introduction of a new law or regulation.

The retrospective application of the amendments did not have an impact on the consolidated financial statements.

## Accounting standards taking effect at a future date

The following new standards, amendments and interpretations take effect after December 31, 2014:

- > "IFRIC 21 – *Levies*", issued in May 2013. The interpretation defines when a liability in respect of the obligation to pay a levy (other than income taxes) due to the government, whether local, national or international must be recognized. More specifically, the interpretation established that the liability shall be recognized when the obligating event giving rise to the liability to pay the levy (for example, upon reaching a given threshold level of revenue), as set out in the applicable law, occurs. If the obligating event occurs over a specified period of time, the liability shall be recognized gradually over that period. The interpretation will take effect, subject to endorsement, for periods beginning on or after June 17, 2014. The Group does not expect the future application of the provisions to have an impact.
- > "Annual improvements to IFRSs 2011-2013 cycle", issued in December 2013; the document contains formal modifications and clarifications of existing standards that are not expected to have a significant impact on the Group and will apply as from January 1, 2015. More specifically, the following standards were amended:
  - "IFRS 3 – *Business combinations*"; the amendment clarifies that IFRS 3 does not apply to the financial statements of a joint arrangement in accounting for the formation of the joint arrangement itself;
  - "IFRS 13 – *Fair value measurement*"; the amendment clarifies that the exception provided for in that standard of measuring financial assets and liabilities on the basis of the net exposure of the portfolio (the "portfolio exception") shall apply to all contracts within the scope of IAS 39 or IFRS 9 even if they do not meet the definitions in IAS 32 of financial assets or liabilities;
  - "IAS 40 – *Investment property*"; under IAS 40, a property interest held by a lessee under an operating lease may be classified as an investment property if and only if the property would otherwise meet the definition of an investment property and if the lessee uses the fair value model to measure such investments. The amendment also clarifies that management judgment must be used to determine whether the acquisition of an investment property represents the acquisition of an asset or group of assets or is a business combination under the provisions of IFRS 3. That judgment must be consistent with the guidance of IFRS 3.

"Annual improvements to IFRSs 2011-2013 cycle" amended the Basis for Conclusions of "IFRS 1 – *First-time adoption of International Financial Reporting Standards*" to clarify that a first-time adopter may adopt a new IFRS whose adoption is not yet mandatorily effective if the new IFRS permits early application.

> "Annual improvements to IFRSs 2010-2012 cycle", issued in December 2013; the document contains formal modifications and clarifications of existing standards that are not expected to have a significant impact on the Group and will apply for period beginning on or after February 1, 2015. More specifically, the following standards were amended:

- "IFRS 2 – *Share-based payment*"; the amendment separates the definitions of "performance conditions" and "service conditions" from the definition of "vesting conditions" in order to clarify the description of each condition;
- "IFRS 3 – *Business combinations*"; the amendment clarifies how to classify any contingent consideration agreed in a business combination. Specifically, the amendment establishes that if the contingent consideration meets the definition of financial instrument it shall be classified as a financial liability or equity. In the former case, the liability shall be measured at fair value and changes in fair value shall be recognized in profit or loss in accordance with IFRS 9. Contingent consideration that does not meet the definition of financial instrument shall be measured at fair value and changes in fair value shall be recognized in profit or loss;
- "IFRS 8 – *Operating segments*"; the amendments introduce new disclosure requirements in order to enable the users of financial statements to understand the judgments adopted by management's in aggregating operating segments and the reasons for such aggregation. The amendments also clarify that the reconciliation of total segment assets and total assets of the entity is required only if provided periodically by management;
- "IAS 16 – *Property, plant and equipment*"; the amendment clarifies that when an item of property, plant and equipment is revalued the gross carrying amount of that asset shall be adjusted in a manner consistent with the revaluation of the carrying amount. In addition, it also clarifies that the accumulated depreciation shall be calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking account of accumulated impairment losses;

- "IAS 24 – *Related party disclosures*"; the amendment clarifies that a management entity, i.e. an entity providing key management personnel services to an entity, is a related party of that entity. Accordingly, in addition to fees for services paid or payable to the management entity, the entity must report other transactions with the management entity, such as loans. The amendment also clarifies that if an entity obtains key management personnel services from a management entity, the entity is not required to disclose the compensation paid or payable by the management entity to those managers;

- "IAS 38 – *Intangible assets*"; the amendment clarifies that when an intangible asset is revalued, its gross carrying amount shall be adjusted in a manner consistent with the revaluation of the carrying amount. In addition, it also clarifies that the accumulated amortization shall be calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking account of accumulated impairment losses.

"Annual improvements to IFRSs 2010-2012 cycle" amended the Basis for Conclusions of "IFRS 13 – *Fair value measurement*" to clarify that short-term receivables and payables with no stated interest rate to apply to the invoice amount can still be measured without discounting, if the impact of discounting would not be material.

> "Amendments to IAS 19 – *Defined benefit plans: employees contributions*", issued in November 2013. The amendments are intended to clarify how to recognize contributions from employees within a defined-benefit plan. More specifically, contributions linked to service should be recognized as a reduction in service cost:

- over the periods in which employees render their services, if the amount of the contributions is dependent on the number of years of service; or
- in the period in which the service is rendered, if the amount of the contributions is independent of the number of years of service.

The amendments will take effect for periods beginning on or after February 1, 2015. The Group is assessing the potential impact of the future application of the amendments.

> "IFRS 9 – *Financial instruments*", the final version was issued on July 24, 2014, replacing the existing "IAS 39 – *Financial instruments: recognition and measurement*" and supersedes all previous versions of the new standard. The standard will take effect as from January 1, 2018 and early application will be permitted following endorsement.

The final version of IFRS 9 incorporates the results of the three phases of the project to replace IAS 39 concerning classification and measurement, impairment and hedge accounting.

As regards the classification of financial instruments, IFRS 9 provides for a single approach for all types of financial asset, including those containing embedded derivatives, under which financial assets are classified in their entirety, without the application of complex subdivision methods.

In order to determine how financial assets should be classified and measured, consideration must be given to the business model used to manage its financial assets and the characteristics of the contractual cash flows. Business model is construed as the manner in which the entity manages its financial assets to generate cash flows, i.e. collecting contractual cash flows, selling the financial asset or both.

Financial assets at amortized cost are held in a business model whose objective is to collect contractual cash flows, while those held at fair value through other comprehensive income (FVTOCI) are held with the objective of collecting contractual cash flows or selling the instrument. This category enables the recognition of interest calculated using the amortized cost method through profit or loss and the fair value of the financial asset through OCI.

Financial assets at fair value through profit or loss (FVTPL) is now a residual category that comprises financial instruments that are not held under one of the two business models indicated above, including those held for trading and those managed on the basis of their fair value.

As regards the classification and measurement of financial liabilities, IFRS 9 maintains the accounting treatment envisaged in IAS 39, making limited amendments, for which most of such liabilities are measured at amortized cost. In addition, it is still possible to designate a financial liability as at fair value through profit or loss if certain requirements are met.

The standard introduces new provisions for financial liabilities designated as fair value through profit or loss, under which in certain circumstances the portion of changes in fair value due to own credit risk shall be recognized through OCI rather than profit or loss. This part of the standard may be applied early, without having to apply the entire standard.

In view of the fact that during the financial crisis the model of impairment based on "incurred credit losses"

had shown clear limitations connected with the deferral of the recognition of credit losses to the time a trigger event occurred, the standard proposes a new model that gives users of financial statements more information on "expected credit losses".

Essentially, the model envisages:

- a) the application of a single approach for all financial assets;
- b) the recognition of expected credit losses on an ongoing basis and the updating of the amount of such losses at the end of each reporting period, with a view to reflecting changes in the credit risk of the financial instrument;
- c) the measurement of expected losses on the basis of reasonable information, obtainable without undue cost, about past events, current conditions and forecasts of future conditions;
- d) an improvement of disclosures on expected losses and credit risk.

IFRS 9 also introduces a new approach to hedge accounting, with the objective of aligning the representation in the accounts with risk management activities and of establishing a more principles-based approach.

The new approach to hedge accounting will enable entities to reflect their risk management activities in the financial statements, extending the criteria for eligibility as hedged items to the risk components of non-financial elements, to net positions, to layer components and to aggregate exposures (i.e. a combination of a non-derivative exposure and a derivative). The most significant changes regarding hedging instruments compared with the hedge accounting approach used in IAS 39 involve the possibility of deferring the time value of an option, the forward element of forward contracts and currency basis spreads (i.e. "hedging costs") in OCI up until the time in which the hedged element impacts profit or loss. IFRS 9 also eliminates the requirement for testing effectiveness under which the results of the retrospective test needed to fall within a range of 80%-125%, allowing entities to rebalance the hedging relationship if risk management objectives have not changed.

Finally, IFRS 9 does not replace the provisions of IAS 39 concerning portfolio fair value hedge accounting for interest rate risk ("macro hedge accounting") as that phase of the project for replacing IAS 39 has been separated and is currently at the discussion stage. In this regard, in April 2014 the IASB published the Discussion Paper "Accounting for Dynamic Risk Management: a Portfolio Re-

valuation Approach to Macro Hedging”.

The potential impact of the future application of IFRS 9 is currently being assessed.

- > “IFRS 14 – *Regulatory deferral accounts*”, issued in January 2014. The standard allows first-time adopters to continue to recognize rate-regulated amounts recognized under their previous GAAP at first-time adoption of the International Financial Reporting Standards. The standard may not be adopted by entities that already prepare their financial statements in accordance with the IFRS/IAS. In other words, an entity may not recognize rate-regulated assets and liabilities under IFRS 14 if its current GAAP do not permit such recognition or if the entity has not adopted such accounting treatment as permitted under its current GAAP. The standard shall take effect retrospectively, subject to endorsement, for periods beginning on or after January 1, 2016. The application of the standard will have no impact on the Group.
- > “IFRS 15 – *Revenue from contracts with customers*”, issued in May 2014, introduces a general framework for the recognition and measurement of revenue, accompanied by a set of notes. The new standard replaces “IAS 11 – *Construction contracts*”, “IAS 18 – *Revenue*”, “IFRIC 13 – *Customer loyalty programmes*”, “IFRIC 15 – *Agreements for the construction of real estate*”, “IFRIC 18 – *Transfers of assets from customers*” and “SIC 31 – *Revenue - Barter transactions involving advertising services*”. The new standard establishes that an entity must recognize revenue in a manner that faithfully depicts the transfer of goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new recognition approach is based on a five-step model: the entity must identify the (i) contract(s) with the customer (step 1); once the contract has been identified, it identifies the performance obligations in the contract, i.e. it must assess its terms and commercial practices in order to identify which goods and services are promised in respect of the individual obligations in the contract (step 2); subsequently, the entity must determine the transaction price (step 3), which is represented by the consideration that it expects to obtain; the entity must then allocate the transaction price to the individual obligations identified in the contract (step 4) on the basis of the value of each performance obligation; revenue is recognized when the entity satisfies the individual performance obligations (step 5). The standard shall take effect, subject to endorsement,

for periods beginning on or after January 1, 2017. The Group is assessing the potential impact of the future application of the standard.

- > “Amendments to IFRS 11 – *Accounting for acquisitions of interests in joint operations*”, issued in May 2014. The amendments clarify the accounting treatment of the acquisition of an interest in a joint operation that is business, pursuant to IFRS 3, requiring the application of all the accounting rules for business combinations under IFRS 3 and other applicable IFRS with the exception of those standards that conflict with the guidance on IFRS 11. Under the amendments, a joint operator that acquires such interests must measure the identifiable assets and liabilities at fair value; expense acquisition-related costs (with the exception of debt or equity issuance costs); recognize deferred taxes; recognize any goodwill or bargain purchase gain; perform impairment tests for the cash generating units to which goodwill has been allocated; and disclose information required for relevant business combinations. The amendments will take effect, subject to endorsement, for periods beginning on or after January 1, 2016.
- > “Amendments to IAS 16 and IAS 38 – *Clarification of acceptable methods of depreciation and amortization*”, issued in May 2014. The amendments provide additional guidance on how the depreciation or amortization of property, plant and equipment and intangible assets should be calculated. The provisions of IAS 16 have been amended to clarify that a revenue-based depreciation method asset is not appropriate. The provisions of IAS 38 have been amended to introduce a presumption that a revenue-based amortization method is inappropriate. That presumption can be overcome when:
  - the intangible asset is expressed as a measure of revenue;
  - it can be demonstrated that revenue and the consumption of the economic benefit generated by an intangible asset are highly correlated.The amendments will take effect prospectively, subject to endorsement, for periods beginning on or after January 1, 2016. The Group does not expect the future application of the amendments to have an impact.
- > “Amendments to IAS 16 and IAS 41 – *Bearer plants*”, issued in June 2014. The amendments change the accounting treatment of biological assets that meet the definition of “bearer plants”, such as fruit trees, that currently fall within the scope of “IAS 16 – *Property, plant and equipment*”. As a consequence, they will be subject



to all of the provisions of that standard. Accordingly, for measurement subsequent to initial recognition, the entity may choose between the cost model and the revaluation model. The agricultural products produced by the bearer plants (e.g. fruit) will remain within the scope of "IAS 41 – Agriculture". The amendments will take effect, subject to endorsement, for periods beginning on or after January 1, 2016. The Group does not expect the future application of the amendments to have an impact.

- > "Amendments to IAS 27 – *Equity method in separate financial statements*", issued in August 2014. The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The amendments also clarify a number of issues concerning investment entities. Specifically, when an entity ceases to be an investment entity, it must recognize investments in subsidiaries in accordance with IAS 27. Conversely, when an entity becomes an investment entity, it must recognize investments in subsidiaries at fair value through profit or loss in accordance with IFRS 9. The amendments will take effect, subject to endorsement, for periods beginning on or after January 1, 2016. The Parent Company does not expect the future application of the amendments to have an impact on its separate financial statements.
- > "Amendments to IFRS 10 and IAS 28 – *Sale or contribution of assets between an investor and its associate or joint venture*", issued in September 2014. The amendments establish that in the case of the sale or contribution of assets to a joint venture or an associate, or the sale of an interest that gives rise to a loss of control while maintaining joint control or significant influence over the associate or joint venture, the amount of the gain or loss recognized shall depend on which the assets or interest constitute a business in accordance with "IFRS 3 – *Business combinations*". More specifically, if the assets/interest constitute a business, any gain/(loss) shall be recognized in full; if the assets/interest does not constitute a business, any gain/(loss) shall only be recognized to the extent of the unrelated investors' interests in the associate or joint venture, who represent the counterparties in the transaction. The amendments will take effect prospectively, subject to endorsement, for periods beginning on or after January 1, 2016. The Group does not expect the future application of the amendments to have an impact.
- > "Amendments to IAS 1 – *Disclosure initiative*", issued in December 2014. The amendments, which form part of a

broader initiative to improve presentation and disclosure requirements, include changes in the following areas:

- materiality: the amendments clarify that the concept of materiality applies to all parts of the financial statements and that the inclusion of immaterial information could undermine the utility of financial disclosures;
- disaggregation and subtotals: the amendments clarify that the line items in the income statement, the statement of comprehensive income and the balance sheet may be disaggregated. They also introduce new requirements concerning the use of subtotals;
- the structure of the notes: the amendments clarify that entities have a certain degree of flexibility in the order in which the notes to the financial statements may be presented. They also emphasize that in establishing that order the entity must consider the requirements of understandability and comparability of the financial statements;
- investments accounted for using the equity method: the entity's share of OCI of investments in equity-accounted associates and joint ventures must be presented as separate line items in the statement of comprehensive income depending whether they will subsequently be reclassified to profit or loss.

The amendments will take effect, subject to endorsement, for periods beginning on or after January 1, 2016. The Group does not expect the future application of the amendments to have an impact.

- > "Amendments to IFRS 10, IFRS 12 and IAS 28 – *Investment Entities: Applying the consolidation exception*", issued in December 2014. The amendments clarify that if a Parent entity (or intermediate Parent) prepares its financial statements in conformity with IFRS 10 (including the case of an investment entity that does not consolidate its investments in subsidiaries but rather measures them at fair value), the exemption from preparing consolidated financial statements is available to the subsidiaries of an investment entity that in turn qualify as investment entities. In addition, the amendments also clarify that a Parent entity that qualifies as an investment entity must consolidate a subsidiary that provides services related to the Parent's investment activities if the subsidiary is not itself an investment entity. The amendments also simplify application of the equity method for an entity that is not an investment entity but holds an interest in an associate or joint venture that is an investment entity. In particular, when applying the equity method, the entity may retain



the fair value measurement applied by the associate or joint venture to its interests in subsidiaries. The amendments will take effect, subject to endorsement, for periods beginning on or after January 1, 2016. The Group does not expect the future application of the amendments to have an impact.

- > "Annual improvements to IFRSs 2012-2014 cycle", issued in September 2014; the document contains formal modifications and clarifications of existing standards that are not expected to have a significant impact on the Group. More specifically, the following standards were amended:
  - "IFRS 5 – *Non-current assets held for sale and discontinued operations*"; the amendments clarify that the reclassification of an asset (or disposal group) from held for sale to held for distribution should not be considered as a new plan of sale but rather the continuation of the original plan. Accordingly, the reclassification does not give rise to any interruption in the application of the provisions of IFRS 5 or any change in the date of classification. The amendments will take effect, subject to endorsement, for periods beginning on or after January 1, 2016.
  - "IFRS 7 – *Financial instruments: disclosures*"; as regards disclosures to be provided on any continuing involvement in assets that have been transferred and derecognized in their entirety, the amendments clarify that for disclosure purposes, a servicing contract that provides for the payment of a fee can represent a continuing involvement in the transferred asset. The entity must assess the nature of the fee and the servicing contract to determine when disclosure is required. The amendments also clarify that disclosures concerning the offsetting of financial assets and liabilities are not required in condensed interim financial statements. The amendments will take effect, subject to endorsement, for periods beginning on or after January 1, 2016.
  - "IAS 19 – *Employee benefits*"; IAS 19 requires that the discount rate used to discount post-employment benefit obligations shall be determined by reference to market yields on high quality corporate bonds or government bonds where there is not deep market in such high quality corporate bonds. The amendment to IAS 19 clarifies that the depth of the market in high quality corporate bonds must be assessed on the basis of the currency in which the bond is denominated and not the currency of the country in which the bond is issued. If there is no deep market in high quality corporate bonds in that currency, the corresponding market yield

on government bonds shall be used. The amendments will take effect, subject to endorsement, for periods beginning on or after January 1, 2016.

- "IAS 34 – *Interim financial reporting*"; the amendment establishes that the required disclosures for interim financial reports shall be provided in the interim financial statements or cross-referenced in the interim financial statements by way of a reference to another statement (e.g. a management risk report) that is available on the same terms and at the same time to users of the interim financial statements. The amendments will take effect, subject to endorsement, for periods beginning on or after January 1, 2016.

---

## 4

### Restatement of comparative disclosures at December 31, 2013

The comparative figures of the balance sheet at December 31, 2013 and of the income statement for 2013 have been restated to reflect the application of:

- > IFRS 11, as regards the consolidation of joint arrangements;
- > IFRS 3, as regards the definitive accounting for business combinations (PPA);
- > reclassification of dividends, derivatives and other materials.

#### IFRS 11

Under IFRS 11, applicable since January 1, 2014 with retrospective effect, the only permissible method for accounting for joint ventures is the equity method. Accordingly, as the Group had been using the proportionate consolidation method, the balance sheet and income statement figures presented in the consolidated financial statements at December 31, 2013 have been restated, with the following effects:

- > restatement of the net balance of assets (€202 million) and liabilities (€140 million) all held by joint ventures classified under equity investments accounted for using the equity method (€62 million);

> a decrease of €8 million in the operating income before depreciation, amortization and impairment losses (0.4%).

The application of the new standard also required the re-statement of operating information (personnel, installed capacity, output, number of plants in service) and a number of sustainability indicators.

## PPA

In accordance with IFRS 3, we completed the definitive recognition, within the established time limit, of the fair value of the assets acquired and the liabilities and contingent liabilities assumed with the acquisition of 100% of Parque Eólico Talinay Oriente ("Talinay") and Dominica Energía Limpia ("Dominica") in the 1st Quarter of 2013. The overall impact on total assets and liabilities amounted to €4 million.

## Reclassification of dividends, derivatives and other materials

Following the change in the classification procedures for costs incurred for electricity purchases, the financial impact of derivatives and their associated fair value, and the classification of dividends from associates under "cash flows from operating activities", designed to implement best industry practice and to ensure clarity in financial reporting, reclassifications have been made to the consolidated income statement, the consolidated balance sheet and the consolidated statement of cash flows in order to ensure greater comparability of the information reported.

The following table reports the impact of the changes on the income statement for 2013.

Millions of euro

	2013	IFRS 11	Reclassification of derivatives and other materials	2013 restated
Revenue from sales and services	2,263	(51)	-	2,212
Other revenue and income	494	(6)	-	488
	<b>2,757</b>	<b>(57)</b>	-	<b>2,700</b>
Electricity and other fuel purchases	265	(33)	(54)	178
Services and other materials	444	(18)	54	480
Personnel	247	(5)	-	242
Depreciation, amortization and impairment losses	722	(43)	-	679
Other operating expenses	138	(2)	-	136
Capitalized costs	(103)	9	-	(94)
	<b>1,713</b>	<b>(92)</b>	-	<b>1,621</b>
<b>Net income/(charges) from commodity contracts measured at fair value</b>	<b>21</b>	-	-	<b>21</b>
<b>Operating income</b>	<b>1,065</b>	<b>35</b>	-	<b>1,100</b>
Net financial income/(expense)	(268)	8	260	-
Net financial income/(expense) from derivatives	-	-	(27)	(27)
Net other financial income/(expense)	-	-	(233)	(233)
Share of income/(losses) of equity investments accounted for using the equity method	64	(43)	-	21
<b>Income before taxes</b>	<b>861</b>	-	-	<b>861</b>
Income taxes	324	-	-	324
<b>Net income from continuing operations</b>	<b>537</b>	-	-	<b>537</b>
<b>Net income from discontinued operations <sup>(1)</sup></b>	<b>61</b>	-	-	<b>61</b>
<b>Net income for the year</b>	<b>598</b>	-	-	<b>598</b>

(1) Net income from discontinued operations pertains entirely to shareholders of the Parent Company.

The following table reports the changes in the consolidated balance sheet at January 1, 2013 and January 1, 2014 following the above adjustments, including the associated tax effects.

Millions of euro

	at Dec. 31, 2012	IFRS 11	PPA	IFRS19/R	Green certificates
Property, plant and machinery	10,878	(174)	-	-	-
Intangible assets	1,260	(12)	80	-	-
Goodwill	942	(4)	(53)	-	-
Deferred tax assets	297	(4)	-	15	-
Equity investments accounted for using the equity method	533	53	-	-	-
Derivatives	-	-	-	-	-
Other non-current financial assets	328	7	-	-	-
Other non-current assets	83	(18)	-	-	-
<b>Total non-current assets</b>	<b>14,321</b>	<b>(152)</b>	<b>27</b>	<b>15</b>	<b>-</b>
Inventories	64	(4)	-	-	-
Trade receivables	571	(6)	-	-	(71)
Tax receivables	63	(1)	-	-	-
Derivatives	-	-	-	-	-
Other current financial assets	428	20	-	-	-
Other current assets	344	(4)	-	-	71
Cash and cash equivalents	333	(19)	-	-	-
<b>Total current assets</b>	<b>1,803</b>	<b>(14)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Assets classified as held for sale</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>16,124</b>	<b>(166)</b>	<b>27</b>	<b>15</b>	<b>-</b>

Millions of euro

	at Dec. 31, 2012	IFRS 11	PPA	IFRS19/R	Green certificates
Share capital	1,000	-	-	-	-
Reserves	5,685	-	-	(2)	-
Net income attributable to shareholders of the Parent Company	413	-	-	(26)	-
<b>Equity attributable to the shareholders of the Parent Company</b>	<b>7,098</b>	<b>-</b>	<b>-</b>	<b>(28)</b>	<b>-</b>
Non-controlling interests	874	-	9	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>7,972</b>	<b>-</b>	<b>9</b>	<b>(28)</b>	<b>-</b>
Long-term borrowings	4,617	(102)	-	-	-
Post-employment and other employee benefits	46	-	-	43	-
Provisions for risks and charges	101	(1)	-	-	-
Deferred tax liabilities	584	(3)	18	-	-
Derivatives	-	-	-	-	-
Other non-current financial liabilities	67	(2)	-	-	-
Other non-current liabilities	137	(2)	-	-	-
<b>Total non-current liabilities</b>	<b>5,552</b>	<b>(110)</b>	<b>18</b>	<b>43</b>	<b>-</b>
Short-term borrowings	818	(16)	-	-	-
Current portion of long-term borrowings	202	(11)	-	-	-
Current portion of long-term provisions and short-term provisions	2	-	-	-	-
Trade payables	1,070	(22)	-	-	-
Derivatives	-	-	-	-	-
Income tax payable	44	(1)	-	-	-
Other current financial liabilities	89	(1)	-	-	-
Other current liabilities	375	(5)	-	-	-
<b>Total current liabilities</b>	<b>2,600</b>	<b>(56)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liabilities included in disposal groups classified as held for sale</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>8,152</b>	<b>(166)</b>	<b>18</b>	<b>43</b>	<b>-</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>16,124</b>	<b>(166)</b>	<b>27</b>	<b>15</b>	<b>-</b>

Reclassification of derivatives	at Jan. 1, 2013 restated	at Dec. 31, 2013	IFRS 11	Talinay PPA	Dominica PPA	Reclassification of derivatives	at Dec. 31, 2013 restated
-	10,704	11,851	(134)	(14)	-	-	11,703
-	1,328	1,328	(31)	8	7	-	1,312
-	885	882	(10)	8	(5)	-	875
-	308	318	(5)	-	-	-	313
-	586	508	62	-	-	-	570
7	7	-	-	-	-	13	13
(7)	328	363	7	-	-	(13)	357
-	65	145	(19)	-	-	-	126
-	<b>14,211</b>	<b>15,395</b>	<b>(130)</b>	<b>2</b>	<b>2</b>	-	<b>15,269</b>
-	60	93	(4)	-	-	-	89
-	494	364	(9)	-	-	-	355
-	62	63	-	-	-	-	63
4	4	-	-	-	-	3	3
(4)	444	224	24	-	-	(3)	245
-	411	417	(5)	-	-	-	412
-	314	343	(16)	-	-	-	327
-	<b>1,789</b>	<b>1,504</b>	<b>(10)</b>	-	-	-	<b>1,494</b>
-	-	<b>37</b>	-	-	-	-	<b>37</b>
-	<b>16,000</b>	<b>16,936</b>	<b>(140)</b>	<b>2</b>	<b>2</b>	-	<b>16,800</b>

Reclassification of derivatives	at Jan. 1, 2013 restated	at Dec. 31, 2013	IFRS 11	Talinay PPA	Dominica PPA	Reclassification of derivatives	at Dec. 31, 2013 restated
-	1,000	1,000	-	-	-	-	1,000
-	5,683	5,762	-	-	-	-	5,762
-	387	528	-	-	-	-	528
-	<b>7,070</b>	<b>7,290</b>	-	-	-	-	<b>7,290</b>
-	883	973	-	-	-	-	973
-	<b>7,953</b>	<b>8,263</b>	-	-	-	-	<b>8,263</b>
-	4,515	5,277	(81)	-	-	-	5,196
-	89	48	(1)	-	-	-	47
-	100	118	(1)	-	-	-	117
-	599	694	(9)	2	2	-	689
65	65	-	-	-	-	34	34
(65)	-	37	(3)	-	-	(34)	-
-	135	183	(2)	-	-	-	181
-	<b>5,503</b>	<b>6,357</b>	<b>(97)</b>	<b>2</b>	<b>2</b>	-	<b>6,264</b>
-	802	839	(18)	-	-	-	821
-	191	220	(8)	-	-	-	212
-	2	14	(1)	-	-	-	13
-	1,048	753	(12)	-	-	-	741
-	-	-	-	-	-	4	4
-	43	42	(1)	-	-	-	41
-	88	93	-	-	-	(4)	89
-	370	343	(3)	-	-	-	340
-	<b>2,544</b>	<b>2,304</b>	<b>(43)</b>	-	-	-	<b>2,261</b>
-	-	<b>12</b>	-	-	-	-	<b>12</b>
-	<b>8,047</b>	<b>8,673</b>	<b>(140)</b>	<b>2</b>	<b>2</b>	-	<b>8,537</b>
-	<b>16,000</b>	<b>16,936</b>	<b>(140)</b>	<b>2</b>	<b>2</b>	-	<b>16,800</b>

The following table reports the changes in the consolidated statement of cash flows for 2013.

Millions of euro

	2013	IFRS 11	Reclassification of dividends, derivatives and other materials	2013 restated
<b>Income before taxes for the year</b>	<b>861</b>	-	-	<b>861</b>
Income before taxes attributable to discontinued operations	62	-	-	62
<b>Adjustments for:</b>				
Depreciation, amortization and impairment losses	722	(43)	-	679
Share of (income)/losses of equity investments accounted for using the equity method	(64)	43	-	(21)
Net financial (income)/expense	268	(8)	(260)	-
Net financial income/(expense) from derivatives	-	-	27	27
Net other financial income/(expense)	-	-	233	233
(Gains)/Losses from disposals and other non-monetary items	(91)	1	-	(90)
<i>Cash flow from operating activities before changes in net current assets</i>	<i>1,758</i>	<i>(7)</i>	<i>-</i>	<i>1,751</i>
Increase/(Decrease) in provisions and post-employment and other employee benefits	(17)	(2)	-	(19)
(Increase)/Decrease in inventories	(29)	-	-	(29)
(Increase)/Decrease in trade receivables and payables	(269)	12	-	(257)
(Increase)/Decrease in other current and non-current assets/liabilities	(155)	11	-	(144)
Interest income/(expense) and other financial income/(expense) collected/(paid)	(302)	8	-	(294)
Income taxes paid	(287)	-	-	(287)
Dividends collected from associates	-	-	44	44
<b>Cash flows from operating activities (a)</b>	<b>699</b>	<b>22</b>	<b>-</b>	<b>765</b>
<i>- of which discontinued operations</i>	<i>5</i>	<i>-</i>	<i>-</i>	<i>5</i>
Investments in property, plant and equipment	(1,206)	2	-	(1,204)
Investments in intangible assets	(43)	-	-	(43)
Investments in entities (or business units) less cash and cash equivalents acquired	(149)	4	-	(145)
(Increase)/Decrease in other investing activities	53	(43)	-	10
Disposals of entities (or business units) less cash and cash equivalents sold	173	-	-	173
Dividends collected from associates	44	-	(44)	-
<b>Cash flows from investing/disinvesting activities (b)</b>	<b>(1,128)</b>	<b>(37)</b>	<b>-</b>	<b>(1,209)</b>
<i>- of which discontinued operations</i>	<i>85</i>	<i>-</i>	<i>-</i>	<i>85</i>
Financial debt (new long-term borrowing/(repayments))	693	22	-	715
Financial debt (repayments and other net changes)	(89)	(4)	-	(93)
Dividends and interim dividends paid	(150)	-	-	(150)
<b>Cash flows from financing activities (c)</b>	<b>454</b>	<b>18</b>	<b>-</b>	<b>472</b>
<i>- of which discontinued operations</i>	<i>7</i>	<i>-</i>	<i>-</i>	<i>7</i>
<b>Impact of exchange rate fluctuations on cash and cash equivalents (d)</b>	<b>(5)</b>	<b>-</b>	<b>-</b>	<b>(5)</b>
<b>Increase/(Decrease) in cash and cash equivalents (a+b+c+d)</b>	<b>20</b>	<b>3</b>	<b>-</b>	<b>23</b>
<i>- of which discontinued operations</i>	<i>97</i>	<i>-</i>	<i>-</i>	<i>97</i>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>333</b>	<b>(19)</b>	<b>-</b>	<b>314</b>
<b>Cash and cash equivalents at the end of the year <sup>(1)</sup></b>	<b>353</b>	<b>(16)</b>	<b>-</b>	<b>337</b>

(1) Of which cash and cash equivalents pertaining to "Assets classified as held for sale" of €10 million at December 31, 2013.

The retrospective application at January 1, 2014, of IFRS 11 did not have an impact on the statement of consolidated comprehensive income or the statement of changes in consolidated shareholders' equity, with the exception of

a reclassification of €2 million from the "Reserve from the measurement of CFH financial instruments" to the "Reserve from equity investments accounted for using the equity method".

# 5

## Main changes in the scope of consolidation

In the two periods under review, the scope of consolidation changed as a result of the following main transactions.

### 2013

- > Acquisition, on March 22, 2013, of 100% of Parque Eólico Talinay Oriente, a Chilean wind power company;
- > acquisition, on March 26, 2013, of 50% of PowerCrop, a company operating in the biomass generation sector in Italy;
- > disposal, on April 8, 2013, of 51% of Buffalo Dunes Wind Project, a US wind power company;
- > acquisition, on May 22, 2013, through the exercise of the associated options, of an additional 26% of the US wind power companies Chisholm View LLC and Prairie Rose LLC, which had been accounted for using the equity method in consideration of the stake previously held (49%). Following the new acquisition, the companies are consolidated on a line-by-line basis;

- > disposal, on July 1, 2013, of Enel.si Srl, a wholly-owned subsidiary, to Enel Energia SpA. In view of the disposal, Enel.si was deconsolidated as from July 1, 2013, while the results achieved by the company up to the disposal date and the gain on the disposal were reported under discontinued operations;
- > acquisition, on November 8, 2013, of Origin Wind Energy LLC, the owner of a wind power development project in the United States;
- > acquisition, in December 2013, of 100% of 8 companies owning that number of wind development projects in the United States;
- > minor acquisitions in 2013 including a controlling stake in the French company La Vallier (already merged into Enel Green Power France), the Mexican company Dominica and the Italian company Enel Green Power Finale Emilia.

As from the 4th Quarter of 2013, in accordance with the provisions of IFRS 5 governing classification under assets and liabilities held for sale, the assets and liabilities of the Portuguese investees operating in the cogeneration sector and the value of the investment in the French company WP France 3 (sold in the 1st Quarter of 2014) were reclassified to the appropriate items of the balance sheet.





## Definitive allocation of the purchase price of earlier acquisitions

## Dominica

Millions of euro	Carrying amount prior to acquisition (January 2013)	Fair value adjustments	Amount recognized at the acquisition date
Property, plant and equipment	-	-	-
Intangible assets	-	7	7
Other non-current assets	-	-	-
Cash and cash equivalents	-	-	-
Current assets	-	-	-
<b>TOTAL ASSETS</b>	<b>-</b>	<b>7</b>	<b>7</b>
Non-current liabilities	-	-	-
Current liabilities	-	2	2
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>2</b>	<b>2</b>
<b>CONSOLIDATED NET ASSETS</b>	<b>-</b>	<b>5</b>	<b>5</b>
Goodwill	-	-	2
<b>Value of the transaction <sup>(1)</sup></b>	<b>-</b>	<b>-</b>	<b>7</b>

(1) Including incidental expenses.

Note that the final allocation of the purchase price of the assets acquired and the liabilities assumed occurred after the drafting of the consolidated financial statements at December 31, 2013. The main adjustments (summarized above) compared with the provisional determination of the fair values of the assets acquired and the liabilities and contingent liabilities assumed essentially regard:

- > the adjustment of the value of certain intangible assets as a result of the completion of the determination of their fair value;
- > the determination of the tax effects of the above adjustments.

## Talinay

Millions of euro	Carrying amount at the acquisition date	Fair value adjustments	Amount recognized at the acquisition date
Property, plant and equipment	107	5	112
Intangible assets	-	8	8
Other non-current assets	-	-	-
Cash and cash equivalents	-	-	-
Current assets	20	-	20
<b>TOTAL ASSETS</b>	<b>127</b>	<b>13</b>	<b>140</b>
Non-current liabilities	-	2	2
Current liabilities	20	-	20
<b>TOTAL LIABILITIES</b>	<b>20</b>	<b>2</b>	<b>22</b>
Non-controlling interests	-	-	-
<b>CONSOLIDATED NET ASSETS</b>	<b>107</b>	<b>11</b>	<b>118</b>
Goodwill	-	-	8
<b>Value of the transaction <sup>(1)</sup></b>	<b>-</b>	<b>-</b>	<b>126</b>
<b>Cash and cash equivalents</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flow impact <sup>(2)</sup></b>	<b>-</b>	<b>-</b>	<b>81</b>
<b>Still to be paid</b>	<b>-</b>	<b>-</b>	<b>18</b>

(1) Including incidental expenses.

(2) Net of advances paid in 2012 (€27 million).

Note that the final allocation of the purchase price of the assets acquired and the liabilities assumed occurred after the drafting of the consolidated financial statements at December 31, 2013. The main adjustments (summarized above) compared with the provisional determination of the fair values of the assets acquired and the liabilities and contingent liabilities assumed essentially regard:

- > the adjustment of the value of certain intangible assets as a result of the completion of the determination of their fair value;
- > the determination of the tax effects of the above adjustments.

## Business combinations

### Acquisition of Buffalo Dunes Wind Project and Aurora Distributed Solar

On May 12, 2014, the Group completed the acquisition of an additional 26% of Buffalo Dunes Wind Project. After the

exercise of the associated option following the transaction, the Group holds 75% of that company, which is now consolidated on a full line-by-line basis (previously, the 49% stake had been accounted for using the equity method). As provided for under IFRS 3 Revised, the transaction qualifies as a step acquisition and, accordingly, the fair value adjustments of the part of the net assets already held were recognized through profit or loss for the period.

In addition, the Group also acquired 100% of Aurora Distributed Solar, a company that develops solar plants, for €15 million.

As of the date of these consolidated financial statements, the process of allocating the purchase price to the fair value of the assets acquired and the liabilities and contingent liabilities assumed with the two transactions above has been partially completed and the price surplus, quantified at €7 million, has been provisionally recognized under goodwill.

## Determination of the goodwill for Buffalo Dunes Wind Project and Aurora Distributed Solar

Millions of euro

<b>Net assets acquired before allocation</b>	<b>114</b>
Fair value adjustments:	
- property, plant and equipment	15
- non-controlling interests	(3)
<b>Net assets acquired after allocation</b>	<b>126</b>
Goodwill	7
<b>Value of the transaction</b>	<b>133</b>
Carrying amount of the interest held previously	77
Remeasurement at fair value of the interest held previously	3
Cost of the acquisition carried out in cash in 2014 <sup>(1)</sup>	53

(1) Acquisition price for 26% of Buffalo Dunes and 100% of Aurora Distributed Solar paid in cash is €38 million and €15 million respectively.

The following table reports the provision fair value of the assets acquired and the liabilities and contingent liabilities assumed at the acquisition date.

Millions of euro	Carrying amount at the acquisition date	Provisional fair value adjustments	Restated amounts at the acquisition date
Property, plant and equipment	334	-	334
Intangible assets	-	15	15
Cash and cash equivalents	6	-	6
<b>TOTAL ASSETS</b>	<b>340</b>	<b>15</b>	<b>355</b>
<b>SHAREHOLDERS' EQUITY PERTAINING TO SHAREHOLDERS OF THE PARENT COMPANY</b>	<b>114</b>	<b>12</b>	<b>126</b>
Non-controlling interests	38	3	41
Net financial debt	181	-	181
Deferred tax liabilities and other liabilities	7	-	7
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>340</b>	<b>15</b>	<b>355</b>

## Enel Green Power Solar Energy Srl

On July 22, 2014 Enel Green Power acquired the interest held by Sharp in Enel Green Power & Sharp Solar Energy Srl (now Enel Green Power Solar Energy Srl – “EGP SE”), an equally held joint-venture formed to develop, build and operate photovoltaic plants in the EMEA area, using the panels manufactured at the 3SUN factory. The price for the purchase of the 50% and the financial receivable held by Sharp in respect of EGP SE totaled €30 million.

Following the transaction, the Group has increased its holding in EGP SE from 50% (the joint venture previously accounted for using the equity method) to 100%. As provided for under IFRS 3 Revised, the transaction qualifies as a step acquisition for accounting purposes.

The following table reports the effects of the provisional allocation of the cost of the transaction to the assets acquired and liabilities assumed.

Millions of euro	Carrying amount at the acquisition date	Fair value adjustments	Amount recognized at the acquisition date
Property, plant and equipment	100	2	102
Cash and cash equivalents	12	-	12
Other assets	22	(11)	11
<b>TOTAL ASSETS</b>	<b>134</b>	<b>(9)</b>	<b>125</b>
Non-current liabilities	124	(1)	123
<b>TOTAL LIABILITIES</b>	<b>124</b>	<b>(1)</b>	<b>123</b>
<b>TOTAL NET ASSETS</b>	<b>10</b>	<b>(8)</b>	<b>2</b>
<b>NET ASSETS ACQUIRED (50%)</b>	<b>5</b>	<b>(4)</b>	<b>1</b>
Cash out for intercompany receivables	25	-	25
<b>Value of the transaction</b>	<b>30</b>	<b>(4)</b>	<b>26</b>
Cash and cash equivalents	-	-	12
<b>Cash flow impact</b>	<b>-</b>	<b>-</b>	<b>18</b>

The main adjustments (summarized above) compared with the provisional determination of the fair values of the assets acquired and the liabilities and contingent liabilities assumed essentially regard:

- > the adjustment of the value of certain items of property, plant and equipment and intangible assets as a result of the completion of the determination of their fair value;
- > the determination of the tax effects of the above adjustments.

## Other projects in North America

In December 2014, the Group completed two separate business combinations in the United States, which have been accounted for in accordance with the provisions of IFRS 3 Revised.

The value of each transaction comprises a fixed component and an element of contingent consideration. The excess cost identified was provisionally allocated to intangible assets, taking due account of tax effects, as summarized in the following tables.

## Geronimo Wind Energy business combination

Millions of euro	Carrying amount at the acquisition date	Fair value adjustments	Amount recognized at the acquisition date
Intangible assets	-	12	12
Other assets	-	-	-
<b>TOTAL ASSETS</b>	-	<b>12</b>	<b>12</b>
Other non-current liabilities	-	4	4
<b>TOTAL LIABILITIES</b>	-	<b>4</b>	<b>4</b>
<b>CONSOLIDATED NET ASSETS</b>	-	<b>8</b>	<b>8</b>
Goodwill	-	-	-
<b>Value of the transaction <sup>(1)</sup></b>	-	-	<b>8</b>
<b>Cash flow impact</b>	-	-	-

(1) Including incidental expenses.

## Trade Wind Energy business combination

Millions of euro	Carrying amount at the acquisition date	Fair value adjustments	Amount recognized at the acquisition date
Intangible assets	-	50	50
Other assets	1	-	1
<b>TOTAL ASSETS</b>	<b>1</b>	<b>50</b>	<b>51</b>
Other non-current liabilities	-	18	18
<b>TOTAL LIABILITIES</b>	-	<b>18</b>	<b>18</b>
<b>CONSOLIDATED NET ASSETS</b>	<b>1</b>	<b>32</b>	<b>33</b>
Goodwill	-	-	-
<b>Value of the transaction <sup>(1)</sup></b>	-	-	<b>33</b>
<b>Cash flow impact</b>	-	-	-

(1) Including incidental expenses.

## Talinay Poniente

During 2014 the Group acquired 100% of Proyecto Talinay Poniente SA.

Millions of euro	Carrying amount at the acquisition date	Fair value adjustments	Amount recognized at the acquisition date
Intangible assets	-	20	20
Other assets	-	-	-
<b>TOTAL ASSETS</b>	-	<b>20</b>	<b>20</b>
Non-current liabilities	-	4	4
Current liabilities	-	-	-
<b>TOTAL LIABILITIES</b>	-	<b>4</b>	<b>4</b>
<b>CONSOLIDATED NET ASSETS</b>	-	<b>16</b>	<b>16</b>
Goodwill	-	-	-
<b>Value of the transaction <sup>(1)</sup></b>	-	-	<b>16</b>
<b>Cash flow impact</b>	-	-	-

(1) Including incidental expenses.

The main adjustments (summarized above) made in the definitive determination of the fair values of the assets acquired and the liabilities and contingent liabilities assumed essentially regard:

- > the adjustment of the value of certain intangible assets as a result of the completion of the determination of their fair value;
- > the determination of the tax effects of the above adjustments.

### Minor acquisitions

In September 2014, Enel Green Power North America signed an agreement with American Wind Capital for the acquisition of 100% of Osage Wind LLC, the owner of a 150 MW wind development project, for €50 million. In the 4th Quarter of the year, 50% of the company was sold for €26 million. The company, held under joint control, is accounted for using the equity method.

During 2014, agreements were reached for the acquisition of wind and solar projects in Chile, for a total of about €7 million, and a wind project in Uruguay for €4 million.

### Disposals

In the 1st Half of 2014, the disposals of a number of Portuguese companies active in the cogeneration sector were finalized.

In December 2014, the Group sold the entire stake (36.2%) held by the Parent Company in LaGeo to Inversiones Energéticas SA de Cv (INE), a Salvadoran State energy company. The price was set at \$280 million (about €224 million), generating a pre-tax capital gain of about €123 million.

In December 2014, the Parent Company, acting through its wholly owned subsidiary Enel Green Power International BV, sold the entire share capital of Enel Green Power France to Boralex EnR Sas for a total of €299 million. The disposal gave rise to a pre-tax capital gain, net of incidental expenses, of €31 million.



# 6

## Segment information

With effect from April 24, 2014, the Group has adopted the following organizational structure:

- > Europe, which includes Iberia, as well as the countries previously included in the Italy and Europe area;
- > Latin America;
- > North America.

The criteria used to identify the operating segments in which

the Group works are drawn, among other things, from the way in which top management periodically reviews the results of the Group for the purpose of taking decisions on how to allocate resources to the segments and for assessing the results themselves.

More specifically, the following tables set out the operating segments in which the Group operates in Italy and abroad and the indicators used by Group management in analyzing segment results for 2014 and 2013 restated as reclassified on the basis of the new organizational structure pursuant to IFRS 8.

For each of the above segments, this section reports the information provided for in CONSOB Recommendation no. 0061493 of July 18, 2013 for renewable energy operators.

## Segment information for 2014

Millions of euro	Continuing operations				Discontinued operations		
	Europe	Latin America	North America	Eliminations and adjustments	Total	Retail	TOTAL
Revenue from third parties including commodity contracts measured at fair value	2,064	538	394	-	2,996	-	<b>2,996</b>
Revenue from transactions with other segments	65	-	-	(65)	-	-	-
<b>Total revenue including commodity contracts measured at fair value</b>	<b>2,129</b>	<b>538</b>	<b>394</b>	<b>(65)</b>	<b>2,996</b>	-	<b>2,996</b>
Total costs	665	336	118	(65)	1,054	-	<b>1,054</b>
Depreciation and amortization	517	60	119	-	696	-	<b>696</b>
Impairment losses and reversals	217	-	8	-	225	-	<b>225</b>
<b>Operating income</b>	<b>730</b>	<b>142</b>	<b>149</b>	-	<b>1,021</b>	<b>(4)</b>	<b>1,017</b>
<b>Equity investments accounted for using the equity method</b>	<b>270</b>	<b>1</b>	<b>52</b>	-	<b>323</b>	-	<b>323</b>
<b>Capital expenditure</b>	<b>395</b>	<b>926</b>	<b>308</b>	-	<b>1,629</b>	-	<b>1,629</b>



## Segment information for 2013 restated

Millions of euro	Continuing operations				Discontinued operations		
	Europe	Latin America	North America	Eliminations and adjustments	Total	Retail	
Revenue from third parties including commodity contracts measured at fair value	1,950	408	363	-	2,721	138	<b>2,859</b>
Revenue from transactions with other segments	51	-	-	(51)	-	-	-
<b>Total revenue including commodity contracts measured at fair value</b>	<b>2,001</b>	<b>408</b>	<b>363</b>	<b>(51)</b>	<b>2,721</b>	<b>138</b>	<b>2,859</b>
Total costs	671	205	117	(51)	942	69	<b>1,011</b>
Depreciation and amortization	486	46	95	-	627	8	<b>635</b>
Impairment losses and reversals	24	16	12	-	52	-	<b>52</b>
<b>Operating income</b>	<b>820</b>	<b>141</b>	<b>139</b>	<b>-</b>	<b>1,100</b>	<b>61</b>	<b>1,161</b>
<b>Equity investments accounted for using the equity method</b>	<b>484</b>	<b>8</b>	<b>78</b>	<b>-</b>	<b>570</b>	<b>-</b>	<b>570</b>
<b>Capital expenditure <sup>(1)</sup></b>	<b>436</b>	<b>608</b>	<b>203</b>	<b>-</b>	<b>1,247</b>	<b>-</b>	<b>1,247</b>

(1) Figure at December 31, 2013, excludes value of grants received in Greece for plants on which construction had not yet begun.

## Change

Millions of euro	Continuing operations				Discontinued operations		
	Europe	Latin America	North America	Eliminations and adjustments	Total	Retail	
Revenue from third parties including commodity contracts measured at fair value	114	130	31	-	275	(138)	<b>137</b>
Revenue from transactions with other segments	14	-	-	(14)	-	-	-
<b>Total revenue including commodity contracts measured at fair value</b>	<b>128</b>	<b>130</b>	<b>31</b>	<b>(14)</b>	<b>275</b>	<b>(138)</b>	<b>137</b>
Total costs	(6)	131	1	(14)	112	(69)	<b>43</b>
Depreciation and amortization	31	14	24	-	69	(8)	<b>61</b>
Impairment losses and reversals	193	(16)	(4)	-	173	-	<b>173</b>
<b>Operating income</b>	<b>(90)</b>	<b>1</b>	<b>10</b>	<b>-</b>	<b>(79)</b>	<b>(65)</b>	<b>(144)</b>
<b>Equity investments accounted for using the equity method</b>	<b>(214)</b>	<b>(7)</b>	<b>(26)</b>	<b>-</b>	<b>(247)</b>	<b>-</b>	<b>(247)</b>
<b>Capital expenditure</b>	<b>(41)</b>	<b>318</b>	<b>105</b>	<b>-</b>	<b>382</b>	<b>-</b>	<b>382</b>

The following tables reconcile segment assets and liabilities and the consolidated figures.

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013 restated	Change
<b>Total assets</b>	<b>18,798</b>	<b>16,800</b>	<b>1,998</b>
Financial assets, cash and cash equivalents	(1,214)	(955)	(259)
Tax assets	(407)	(376)	(31)
Other assets	(1,192)	(1,447)	255
<b>Operating assets <sup>(1)</sup></b>	<b>15,985</b>	<b>14,022</b>	<b>1,963</b>
<b>Total liabilities</b>	<b>9,869</b>	<b>8,537</b>	<b>1,332</b>
Borrowings and other financial liabilities	(7,408)	(6,357)	(1,051)
Tax liabilities	(785)	(733)	(52)
Other liabilities	(42)	(47)	5
<b>Operating liabilities <sup>(2)</sup></b>	<b>1,634</b>	<b>1,400</b>	<b>234</b>

(1) Operating assets regarding units classified as "held for sale" amounted to €25 million at December 31, 2013 (none at December 31, 2014).

(2) Operating liabilities regarding units classified as "held for sale" amounted to €8 million at December 31, 2013 (none at December 31, 2014).

At December 31, 2014

Millions of euro	Europe	Latin America	North America	Eliminations and adjustments	Total
Property, plant and machinery	7,812	2,975	2,542	-	<b>13,329</b>
Intangible assets	978	181	219	-	<b>1,378</b>
Trade receivables	383	114	49	(106)	<b>440</b>
Other	491	203	143	1	<b>838</b>
<b>Operating assets</b>	<b>9,664</b>	<b>3,473</b>	<b>2,953</b>	<b>(105)</b>	<b>15,985</b>
Trade payables	406	399	188	(105)	<b>888</b>
Provisions	113	13	24	-	<b>150</b>
Other	353	123	134	(14)	<b>596</b>
<b>Operating liabilities</b>	<b>872</b>	<b>535</b>	<b>346</b>	<b>(119)</b>	<b>1,634</b>

At December 31, 2013 restated

Millions of euro	Europe	Latin America	North America	Eliminations and adjustments	Total
Property, plant and machinery	8,120	1,838	1,745	-	<b>11,703</b>
Intangible assets	1,034	132	146	-	<b>1,312</b>
Trade receivables	366	68	39	(118)	<b>355</b>
Other	419	148	92	(7)	<b>652</b>
<b>Operating assets <sup>(1)</sup></b>	<b>9,939</b>	<b>2,186</b>	<b>2,022</b>	<b>(125)</b>	<b>14,022</b>
Trade payables	468	295	74	(96)	<b>741</b>
Provisions	114	2	14	-	<b>130</b>
Other	368	93	90	(22)	<b>529</b>
<b>Operating liabilities <sup>(2)</sup></b>	<b>950</b>	<b>390</b>	<b>178</b>	<b>(118)</b>	<b>1,400</b>

(1) Operating assets regarding units classified as "held for sale" amounted to €25 million and regarded the Europe area.

(2) Operating liabilities regarding units classified as "held for sale" amounted to €8 million and regarded the Europe area.

# Information on the Consolidated Income Statement

## Revenue and income

### 7. Revenues from sales and services - €2,148 million

Millions of euro

	2014	of which with related parties	2013 restated	of which with related parties	Change
Electricity	2,127	862	2,177	926	(50)
Other sales and services	21	5	35	7	(14)
<b>Total</b>	<b>2,148</b>		<b>2,212</b>		<b>(64)</b>

Revenue from “Electricity” includes €1,972 million from sales of electricity (€2,050 million in 2013 restated) and €155 million from other incentives (€127 million in 2013 restated). The decrease in revenue from sales of electricity compared with the previous year amounted to €78 million, mainly due to the reduction in revenue in Europe (€244 million), especially in Italy, with a contraction in average sales prices. These factors were only partly offset by the good performance of Latin America (€137 million) and North America (€25 million), reflecting the increase in output.

The increase in revenue from other incentives amounted to €28 million on the previous year, mainly attributable to North America in respect of revenue from tax partnerships (€20 million).

Revenue from “Other sales and services” decreased by €14 million on the previous year (€35 million), mainly attributable to services rendered to associates in North America and Italy (€12 million) and to insurance indemnities in Guatemala (€2 million).

### 8. Other revenue and income - €772 million

Millions of euro

	2014	of which with related parties	2013 restated	of which with related parties	Change
Green certificates	428	353	402	296	26
Gains on the disposal of property, plant and equipment and intangible assets	7		1		6
Other income	337		85	3	252
<b>Total</b>	<b>772</b>		<b>488</b>		<b>284</b>

“Green certificates” amounted to €428 million (€402 million in 2013 restated). The item reports revenue posted in Italy in the amount of €355 million from 3,674 GWh of electricity generated (€323 million from 3,648 GWh in 2013 restated) and in Romania in the amount of €73 million from 1,268 GWh of electricity generated (€79 million from 1,081 GWh in 2013 restated). Revenue from green certificates in Romania was broadly unchanged, despite the increase in output, owing to the decline in the market price.

“Other income” reports the effects of the settlement agreement with the Salvadoran State, which also involved the disposal of the interest in LaGeo (€123 million), the disposal of Enel Green Power France (€31 million) and the recognition of the indemnity provided for in the agreement with Sharp on the off-take of the output of the 3SUN factory (€95 million).

## Costs

### 9. Electricity and other fuel purchases - €291 million

Millions of euro

	2014	of which with related parties	2013 restated	of which with related parties	Change
Electricity	284	39	140	8	144
Fuels	7		38	20	(31)
<b>Total</b>	<b>291</b>		<b>178</b>		<b>113</b>

Costs for the purchase of "Electricity" increased by €144 million, mainly due to an increase in the cost of electricity purchases in Brazil, owing to delays in the construction of the interconnector, which were resolved in the 4th Quarter of 2014 (€102 million), in Chile (€12 million), in Romania (€12 million) and in Panama (€7 million).

Note that in the 1st Quarter of 2014 an agreement was reached with the Panamanian government to offset the adverse effects of the non-production of energy and conse-

quent purchase of that missing power after March 1, 2014. The agreement does not provide for the recovery of the decline in the margin posted in 2013 and the first two months of 2014.

The decrease in costs for "Fuels" amounted to €31 million, mainly attributable to the total decommissioning of the co-generation plants of the Iberian companies (€28 million).

### 10. Services and other materials - €489 million

Millions of euro

	2014	of which with related parties	2013 restated	of which with related parties	Change
Maintenance and repairs	85		79		6
Materials	62	51	54	39	8
Leases and rentals	95	6	97	8	(2)
Transmission	48		53		(5)
Other	199	82	197	103	2
<b>Total</b>	<b>489</b>		<b>480</b>		<b>9</b>
Capitalized costs for raw materials	(16)		(17)		1
Capitalized costs for services	(38)		(21)		(17)

Costs for "Maintenance and repairs" increased by €6 million, mainly in North America (€3 million) and Europe (€2 million) reflecting the entry into service of new plants.

Costs for "Transmission" declined by €5 million, mainly as a result of a decline in Panama (€4 million) following a reduction in government rates.

"Capitalized costs for raw materials and services" increased by €16 million compared with 2013 restated, in line with the increase in operating investments.

## 11. Personnel - €256 million

Millions of euro

	2014	2013 restated	Change
Wages and salaries	194	182	12
Social security contributions	46	43	3
Post-employment and other employee benefits	5	8	(3)
Other costs	11	9	2
<b>Total</b>	<b>256</b>	<b>242</b>	<b>14</b>
Capitalized costs for personnel	(77)	(56)	(21)

The increase in costs for “Wages and salaries” reflects the rise in average costs and the expansion in the average workforce during the year (+4.6%) as a result of organic growth, mainly in Latin America (up 124 compared with 2013 restated).

“Capitalized costs for personnel” increased by €21 million compared with 2013 restated, in line with the increase in operating investments.

The table below shows the average number of employees by category, compared with the previous year, and the actual number of employees at December 31, 2014.

No. of employees	Average workforce			Headcount at Dec. 31, 2014
	2014	2013	Change	
Senior managers	71	77	(6)	61
Middle managers	657	534	123	672
Office staff	1,664	1,618	46	1,747
Blue collar	1,145	1,153	(8)	1,129
<b>Total</b>	<b>3,537</b>	<b>3,382</b>	<b>155</b>	<b>3,609</b>

## 12. Depreciation, amortization and impairment losses - €921 million

Millions of euro

	2014	2013 restated	Change
Depreciation	610	539	71
Amortization	86	88	(2)
Goodwill impairment	33	-	33
Impairment losses	192	52	140
<b>Total</b>	<b>921</b>	<b>679</b>	<b>242</b>

“Depreciation” increased by €71 million compared with 2013 restated, mainly due to the recognition of depreciation on new installed capacity in North America (€28 million), Chile (€12 million) and Romania (€10 million).

The decrease in “amortization” amounted to €2 million, mainly reflecting the decline in the amortization registered by the North American companies (€4 million).

“Goodwill impairment” regards the goodwill of Enel Green Power Hellas, as discussed in note 22.

“Impairment losses” amounted to €192 million, including the impairment of the tangible assets (€91 million) and intangible assets (€57 million) of the Enel Green Power Hellas CGU following the impairment tests discussed in note 22.

In addition, impairment losses were recognized for specific individual assets that are not expected to contribute to gen-

erating future cash flows, such as hydroelectric projects in North America in the amount of €8 million (€12 million in 2013 restated), wind projects in Iberia in the amount of €11 million (€19 million in 2013 restated) and receivables in Eu-

rope in the amount of €20 million (none in 2013 restated). Impairment losses were also recognized on assets in Italy in the amount of €5 million (€5 million in 2013 restated).

## 13. Other operating expenses - €149 million

Millions of euro

	2014	of which with related parties	2013 restated	of which with related parties	Change
Taxes and duties	64		77		(13)
Royalties	32		31		1
Other	53		28	4	25
<b>Total</b>	<b>149</b>		<b>136</b>		<b>13</b>

“Other operating expenses” amounted to €149 million, an increase of €13 million compared with 2013 restated, mainly in respect of provisions for risks and charges of the Parent Company (€16 million), partly offset by the reduction in

taxes on renewables generation in Iberia and Greece (€17 million) in reflection of the decline in revenue from electricity sales.

## 14. Net income/(expense) from commodity contracts measured at fair value - €76 million

Millions of euro

	2014	of which with related parties	2013 restated	of which with related parties	Change
Income from changes in fair value	3		1		2
Income from commodity contracts closed during the period	79	79	26	25	53
<b>Total income</b>	<b>82</b>		<b>27</b>		<b>55</b>
Expense from changes in fair value	(4)		(3)		(1)
Expense from commodity contracts closed during the period	(2)	(2)	(3)	(3)	1
<b>Total expense</b>	<b>(6)</b>		<b>(6)</b>		<b>-</b>
<b>TOTAL</b>	<b>76</b>		<b>21</b>		<b>55</b>

“Net income/(expense) from commodity contracts measured at fair value” include €77 million in net income realized on positions closed during the year (€23 million in net income in 2013 restated) and €1 million in net unrealized expense (€2 million in net expense in 2013 restated).

Contracts in Italy are mainly entered into with Enel Trade SpA for commodity positions.



## 15. Net financial income/(expense) from derivatives - €(21) million

Millions of euro

	2014	of which with related parties	2013 restated	of which with related parties	Change
Income from cash flow hedge derivatives	1		-		1
Income from derivatives at fair value through profit or loss	6	6	6	6	-
<b>Total financial income from derivatives</b>	<b>7</b>		<b>6</b>		<b>1</b>
Expense on cash flow hedge derivatives	(21)	(18)	(22)	(15)	1
Expense on derivatives at fair value through profit or loss	(7)	(7)	(11)	(11)	4
<b>Total financial expense on derivatives</b>	<b>(28)</b>		<b>(33)</b>		<b>5</b>
<b>TOTAL</b>	<b>(21)</b>		<b>(27)</b>		<b>6</b>

“Net financial income/(expense) from derivatives” includes €20 million in net expense on cash flow hedge derivatives (€22 million in net expense in 2013 restated) and €1 million

in net expense on derivatives at fair value through profit or loss (€5 million in net expense in 2013 restated).

## 16. Net other financial income/(expense) - €(236) million

Millions of euro

	2014	of which with related parties	2013 restated	of which with related parties	Change
Foreign exchange gains	58	4	41	9	17
Interest and other income from financial assets	50	23	33	24	17
<b>Total financial income</b>	<b>108</b>		<b>74</b>		<b>34</b>
Foreign exchange losses	63	23	45	9	18
Interest and other charges on financial liabilities	281		262		19
- long-term borrowings	284	146	240	135	44
- short-term borrowings	31	30	34	33	(3)
- other financial expense	25	2	24	5	1
- capitalized financial expense	(59)	-	(36)		(23)
<b>Total financial expense</b>	<b>344</b>		<b>307</b>		<b>37</b>
<b>TOTAL</b>	<b>(236)</b>		<b>(233)</b>		<b>(3)</b>

“Net other financial income/(expense)” amounted to €236 million, an increase of €3 million compared with 2013 restated. The increase in interest expense on long-term borrowings (€44 million), associated with the increase in long-

term debt, was partly offset by an increase in income from financial assets, mainly linked to loans granted to associates in Iberia and North America, and by capitalized financial expense.

## 17. Share of income/(losses) of equity investments accounted for using the equity method - €(56) million

Millions of euro

	2014	2013 restated	Change
Share of income of associates	63	83	(20)
Share of income of joint ventures	1	3	(2)
Share of losses of associates	(104)	(17)	(87)
Share of losses of joint ventures	(16)	(48)	32
<b>Total</b>	<b>(56)</b>	<b>21</b>	<b>(77)</b>

“Share of income of associates” is composed of the share of the profits of the Iberian associates totaling €33 million (€42 million in 2013 restated), of which €17 million in respect of the associate ENEOP, and of the associate LaGeo in the amount of €28 million (€31 million in 2013 restated).

“Share of losses of associates” is mainly composed of the impairment losses on the Greek associates totaling €113 million (none in 2013 restated) and losses in North America in the amount of €10 million (€14 million in 2013 restated).

“Share of losses of joint ventures” mainly reflect the losses of 3SUN totaling €14 million (€44 million in 2013 restated).

## 18. Income taxes - €264 million

Millions of euro

	2014	2013 restated	Change
Current taxes	302	275	27
Deferred tax expense/(income)	(37)	56	(93)
Adjustments for income taxes related to prior years	(1)	(7)	6
<b>Total</b>	<b>264</b>	<b>324</b>	<b>(60)</b>

“Income taxes” amounted to €264 million, a decrease of €60 million compared with 2013 restated. The decline is mainly associated with the reduction in the Robin Hood Tax in Italy, the rate of which decreased from 10.5% in 2013 to 6.5% in 2014 (€23 million) and the impact of the reversal of deferred taxes following the tax reform in Spain (€48 million), partly offset by the adjustment of deferred tax assets in Italy

(€20 million) to take account of Constitutional Court ruling no. 10/2015 finding that the Robin Hood Tax was unconstitutional with effect from the day following the publication of the ruling in the *Gazzetta Ufficiale della Repubblica*.

The following table reconciles the theoretical tax rate with the effective rate.

Millions of euro

	2014		2013 restated	
<b>Income before taxes</b>	<b>708</b>		<b>861</b>	
Theoretical tax	195	27.5%	237	27.5%
IRAP	37	5.2%	33	3.8%
IRES surtax (Robin Hood Tax)	38	5.4%	50	5.8%
Impact of unconstitutionality of Robin Hood Tax	20	2.8%	-	-
Impact of Iberian tax reform	(48)	-6.8%	-	-
Impact of local tax rates	41	5.8%	1	0.1%
Permanent differences and minor items	(19)	-2.8%	3	0.3%
<b>Effective tax</b>	<b>264</b>	<b>37.3%</b>	<b>324</b>	<b>37.6%</b>

“Permanent differences and minor items” report the effects of the settlement agreement with the government of El Salvador for the disposal of LaGeo and the disposal of the investment in Enel Green Power France, partly offset by the recognition of withholding tax by the Parent Company.

The item “Impact of local tax rates” mainly regards writedowns during the year.

## 19. Earnings/(Loss) per share - €0.07

Earnings per share have been calculated on the basis of the average number of ordinary shares, which did not change with respect to the previous year. No diluting effects have

to be considered in calculating diluted earnings per share, which therefore are equal to basic earnings per share.

	2014	2013 restated
Net income for the period attributable to shareholders of the Parent Company (millions of euro)	359	528
Average number of ordinary shares	5,000,000,000	5,000,000,000
Basic and diluted earnings per share (in euro)	0.07	0.11
Basic and diluted earnings per share from continuing operations (in euro)	0.07	0.10
Basic and diluted earnings per share from discontinued operations (in euro)	-	0.01

# Information on the Consolidated Balance Sheet

## Assets

### Non-current assets

#### 20. Property, plant and equipment - €13,329 million

Millions of euro	Land and buildings	Plant and equipment	Leased assets	Other assets	Assets under construction and advances	Total
Cost	1,722	13,773	238	165	1,458	17,356
Accumulated depreciation	(466)	(5,016)	(32)	(108)	-	(5,622)
Impairment	(1)	(17)	-	(13)	-	(31)
<b>Balance at Dec. 31, 2013 restated</b>	<b>1,255</b>	<b>8,740</b>	<b>206</b>	<b>44</b>	<b>1,458</b>	<b>11,703</b>
Capital expenditure	71	299	-	8	1,202	1,580
Assets entering service	124	997	-	26	(1,147)	-
Depreciation and impairment losses	(66)	(616)	(12)	(12)	(20)	(726)
Capitalized borrowing costs	-	7	-	-	52	59
Plant dismantling provision	-	7	-	-	-	7
Exchange rate differences	32	392	-	1	93	518
Change in scope of consolidation	9	(148)	43	4	290	198
Other changes	57	(41)	(27)	12	(11)	(10)
<b>Total changes in 2014</b>	<b>227</b>	<b>897</b>	<b>4</b>	<b>39</b>	<b>459</b>	<b>1,626</b>
Cost	2,027	15,296	248	205	1,917	19,693
Accumulated depreciation	(535)	(5,558)	(35)	(122)	-	(6,250)
Impairment	(10)	(101)	(3)	-	-	(114)
<b>Balance at Dec. 31, 2014</b>	<b>1,482</b>	<b>9,637</b>	<b>210</b>	<b>83</b>	<b>1,917</b>	<b>13,329</b>

The item increased by €1,626 million, mainly attributable to the combined effect of capital expenditure during the period (€1,580 million, including €30 million in respect of the Osage project), the change in the scope of consolidation (€198 million, net of €30 million in respect of the disposal of a controlling stake in Osage in the United States) and exchange rate gains (€518 million). These factors were partly offset by depreciation (€610 million) and impairment losses (€116 million), as discussed in note 12.

Capitalized borrowing costs (€59 million) were determined on the basis of an average capitalization rate equal to that of the Group (4.8%).

The table below summarizes capital expenditure in 2014 and 2013 restated. Total expenditure came to €1,580 million in 2014, up €344 million on 2013 restated.

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013 restated	Change
<b>Power plants:</b>			
- hydroelectric	191	106	85
- wind	979	773	206
- geothermal	146	226	(80)
- solar	224	110	114
- biomass	31	5	26
<b>Total power plants</b>	<b>1,571</b>	<b>1,220</b>	<b>351</b>
Other investments in property, plant and equipment	9	16	(7)
<b>TOTAL</b>	<b>1,580</b>	<b>1,236</b>	<b>344</b>

Investments mainly regarded wind plants in Latin America and North America (€912 million), solar plants in Chile and South Africa (€209 million), geothermal plants in Italy (€161 million), and hydroelectric plants in Italy, Brazil and Costa Rica (€180 million).

“Change in the scope of consolidation” refers mainly to the full consolidation of Buffalo Dunes Wind Project (€334 mil-

lion) and the companies of the Enel Green Power Solar Energy Group (€102 million), partly offset by the disposal of the subsidiary Enel Green Power France (€230 million) and Osage in the United States (€30 million).

The following table breaks down plant and machinery by type of generation technology.

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013 restated	Change	at Dec. 31, 2012 restated
<b>Power plants:</b>				
- hydroelectric	2,476	2,545	(69)	2,458
- geothermal	1,609	1,214	395	1,214
- wind	5,155	4,683	472	3,740
- photovoltaic	338	288	50	200
- other	59	10	49	51
<b>Total</b>	<b>9,637</b>	<b>8,740</b>	<b>897</b>	<b>7,663</b>

“Leased assets” comprise wind and solar farms that the Group uses in Italy (under an 18-year lease) totaling €206 million (€171 million at December 31, 2013 restated).

The following table reports the minimum lease payments and the related present value.

Millions of euro

	at Dec. 31, 2014	
	Minimum lease payments	Present value
2015	16	9
2016-2019	96	75
After 2019	86	76
<b>Total</b>	<b>198</b>	<b>160</b>
- of which finance charges	38	

Millions of euro

	at Dec. 31, 2013 restated	
	Minimum lease payments	Present value
2014	20	12
2015-2018	79	56
After 2018	120	99
<b>Total</b>	<b>219</b>	<b>167</b>
- of which finance charges	52	

## 21. Intangible assets - €1,378 million

Millions of euro	Concessions, licenses, trademarks and similar rights	Other intangible assets under development and sale contracts	Total
Cost	591	1,092	1,683
Accumulated amortization	(128)	(228)	(356)
Impairment	(12)	(3)	(15)
<b>Balance at Dec. 31, 2013 restated</b>	<b>451</b>	<b>861</b>	<b>1,312</b>
Capital expenditure	17	32	49
Amortization and impairment losses	(45)	(98)	(143)
Exchange rate differences	6	34	40
Allocation of excess cost/remeasurement at fair value	-	118	118
Change in scope of consolidation	2	25	27
Other changes	6	(31)	(25)
<b>Total changes in 2014</b>	<b>(14)</b>	<b>80</b>	<b>66</b>
Cost	621	1,279	1,900
Accumulated amortization	(167)	(282)	(449)
Impairment	(17)	(56)	(73)
<b>Balance at Dec. 31, 2014</b>	<b>437</b>	<b>941</b>	<b>1,378</b>

The increase in "Intangible assets" amounted to €66 million, mainly reflecting the impact of the determination of the fair value of the assets acquired and liabilities assumed in respect of a number of projects in North America (€62 million), Chile (€21 million), South Africa (€31 million) and Uruguay (€4 million), capital expenditure (€49 million) and exchange rate gains (€40 million), only partly offset by

amortization (€86 million) and the impairment losses (€57 million) discussed in note 12. The "Change in scope of consolidation" amounted to €27 million, mainly accounted for by the acquisition of control of Enel Green Power Solar Energy and of a solar project in North America, as discussed in the section "Main changes in the scope of consolidation".

There are no intangible assets with an indefinite useful life.

## 22. Goodwill - €871 million

Millions of euro	at Dec. 31, 2013 restated							at Dec. 31, 2014		
	Cost	Cumulative impairment	Net value	Acquisitions/Deve-lopment/Success fees	Exchange rate diffe-rences	Purchase price allo-cation	Impairment losses and other changes	Cost	Cumulative impairment	Net value
Latin America	265	-	265	-	43	-	-	308	-	308
Enel Green Power España	404	(1)	403	1	-	-	-	405	(1)	404
Enel Green Power Hellas	103	(70)	33	-	-	-	(33)	103	(103)	-
Enel Green Power Romania	13	-	13	-	-	-	-	13	-	13
Enel Green Power Bulgaria	5	-	5	-	-	-	-	5	-	5
Enel Green Power France	29	-	29	-	-	-	(29)	-	-	-
Enel Green Power North America	117	(14)	103	7	8	-	-	132	(14)	118
Italy <sup>(1)</sup>	23	-	23	-	-	-	-	23	-	23
Enel Green Power South Africa	1	-	1	-	-	(1)	-	-	-	-
<b>Total</b>	<b>960</b>	<b>(85)</b>	<b>875</b>	<b>8</b>	<b>51</b>	<b>(1)</b>	<b>(62)</b>	<b>989</b>	<b>(118)</b>	<b>871</b>

(1) Includes Canaro and Iris 2006, merged into Enel Green Power SpA and Enel Green Power Finale Emilia. The 3 CGUs were grouped into a single CGU denominated "Italy" owing to changes in the way management manages and monitors performance.

The decrease in "Intangible assets" amounted to €4 million, mainly attributable to the disposal of the French subsidiary Enel Green Power France (€29 million) and the impairment

of Enel Green Power Hellas (€33 million), partly offset by exchange rate gains (€51 million).



The criteria used to identify the cash generating units were essentially based (in line with management's strategic and operational vision) on the specific characteristics of their business, on the operational rules and regulations of the markets in which Enel operates and on the corporate organization, including technical and management factors, as well as the level of reporting monitored by management.

The recoverable value of the goodwill recognized was estimated by calculating the value in use of the CGUs using discounted cash flow models, which involve estimating expected future cash flows and applying an appropriate discount rate, selected on the basis of market inputs such as risk-free rates, betas and market risk premiums.

Cash flows were determined on the basis of the best information available at the time of the estimate and drawn:

- i. for the explicit period, from the business plan approved by the Board of Directors of the Parent Company containing forecasts for volumes, revenues, operating costs, capital expenditure, industrial and commercial organization and developments in the main macroeconomic variables (inflation, nominal interest rates and exchange rates) and commodity prices;
- ii. for subsequent years, from assumptions concerning long-term developments in the main variables that determine cash flows, the average residual useful life of assets or the duration of the concessions.

More specifically, the terminal value was calculated as a perpetuity or an annuity with a nominal growth rate equal to the long-term rate of growth in electricity and/or inflation (depending on the country and business involved) and in any case not higher than the average long-term growth rate of the reference market. The value in use calculated as described above was found to be greater than the amount recognized on the balance sheet for each CGU identified, with the exception of the Enel Green Power Hellas CGU.

In order to verify the robustness of the value in use of the CGUs, sensitivity analyses were conducted for the main drivers of the values, in particular WACC and the long-term growth rate, the outcomes of which fully supported that value.

More specifically, targeted sensitivity analyses were conducted for a number of key assumptions (discount rate and long-term growth rate), which found:

- > Iberia CGU: the discount rate should be increased by 0.34% or the long-term growth rate should be decreased by 0.60%;
- > Romania CGU: the discount rate should be increased by 1.91% or the long-term growth rate should be decreased by 3.42%.

The table below reports the composition of the balance of goodwill for the company to which the cash generating unit belongs, along with the discount rates applied and the time horizon over which the expected cash flows have been discounted.

Millions of euro	At Dec. 31, 2014	Growth rate <sup>(1)</sup>	Discount rate pre-tax WACC <sup>(2)</sup>	Explicit period of cash flows	Terminal value <sup>(3)</sup>	At Dec. 31, 2013	Growth rate <sup>(1)</sup>	Discount rate pre-tax WACC <sup>(2)</sup>	Explicit period of cash flows	Terminal value <sup>(3)</sup>
Latin America	308	3.4%	8.5%	5 years	22 years	265	3.4%	8.5%	5 years	23 years
Enel Green Power España	404	2.0%	7.9%	5 years	13 years	403	2.0%	7.9%	5 years	14 years
Enel Green Power Hellas	33	-	18.7%	5 years	21 years	33	2.0%	13.6%	10 years	18 years
Enel Green Power Romania	13	2.1%	8.3%	5 years	17 years	13	2.4%	10.6%	10 years	13 years
Enel Green Power Bulgaria	5	2.5%	8.3%	5 years	15 years	5	3.0%	8.2%	10 years	11 years
Enel Green Power France	-	-	-	-	-	29	1.9%	7.6%	5 years	19 years
Enel Green Power North America	118	2.2%	7.5%	5 years	20 years	103	2.1%	7.7%	5 years	19 years
Italy	23	1.1%-2.0%	8.1%	5 years	Perpetuity/14 years <sup>(4)</sup>	23	2.0%	8.8%-12.0%	10 years	7-18 years
Enel Green Power RSA	-	-	-	-	-	1	1.9%	9.8%	5 years	23 years

(1) Growth rate of cash flows at the end of the explicit period.

(2) Pre-tax WACC calculated using the iterative method: the discount rate that ensures that the value in use calculated with pre-tax cash flows is equal to that calculated with post-tax cash flows discounted with the post-tax WACC.

(3) The terminal value has been estimated on the basis of an expected annuity with a rising yield for the years indicated in the column.

(4) The terminal value for the Italy CGU was estimated on the basis of a perpetuity for the hydroelectric and geothermal plants and an annuity with a rising yield for a period of 14 years for other renewables technologies (wind, solar, biomass).

The persistence of the signs of slowing economic growth and the measures taken by the Greek government in its review of incentives for renewables generation have prompted Enel Green Power to revise its growth plan. Accordingly, the value in use of the assets of the Enel Green Power Hellas CGU has been impacted by the contraction in the estimate of future cash flows following the amendment of the incentive mechanisms and the consequent reduction of development activities associated with projects already acquired in the country.

Consequently, during impairment testing of goodwill at December 31, 2014, an impairment loss was determined

to exist with regard to the Enel Green Power Hellas CGU (whose cash flows and carrying amount regarded both operational facilities and projects under development, including the Elica II initiative, which is accounted for using the equity method). Management first wrote off the goodwill in the amount of €33 million, and then wrote down the other assets of the CGU in proportion to the carrying amount of each associated asset.

These impairment losses impacted property, plant and equipment (€91 million), intangible assets (€57 million) and equity investments accounted for using the equity method (€89 million), with associated tax effects of €39 million.

## 23. Deferred tax assets and Deferred tax liabilities - €326 million and €705 million

The following table details changes in deferred tax assets and liabilities by type of timing difference, calculated based on the tax rates established by applicable regulations.

Millions of euro

	at Dec. 31, 2013 restated	Increase/ (Decrease) taken to income statement	of which Robin Hood Tax unconsti- tutionality	of which Iberian tax reform	Exchange rate effect	Other changes.	at Dec. 31, 2014
<b>Deferred tax assets:</b>							
- differences in the value of non-current and financial assets	149	(8)	(19)	(2)	1	(10)	132
- measurement of financial instruments	11	-	-	-	-	14	25
- accruals to provisions for risks and charges with deferred deductibility	13	1	(3)	-	-	(1)	13
- tax loss carried forward and tax credits North America	90	(6)	-	-	8	3	95
- other items	50	(2)	-	-	3	10	61
<b>Total deferred tax assets:</b>	<b>313</b>	<b>(15)</b>	<b>(22)</b>	<b>(2)</b>	<b>12</b>	<b>16</b>	<b>326</b>
<b>Deferred tax liabilities:</b>							
- differences on non-current and financial assets	175	(108)	(2)	(47)	28	(26)	69
- allocation of excess costs to assets	425	-	-	-	-	40	465
- measurement of financial instruments	3	(1)	-	-	-	4	6
- other items	86	57	-	(3)	11	11	165
<b>Total deferred tax liabilities</b>	<b>689</b>	<b>(52)</b>	<b>(2)</b>	<b>(50)</b>	<b>39</b>	<b>29</b>	<b>705</b>

“Deferred tax assets” at December 31, 2014 amounted to €326 million, an increase of €13 million on December 31, 2013 restated.

Deferred tax assets on prior-year tax losses in the amount of €32 million (€53 million at December 31, 2013) were not recognized as current estimates of future taxable income indicate that recovery is uncertain. There are no other deductible temporary differences for which deferred tax assets were not recognized.

“Deferred tax liabilities” at December 31, 2014 amounted to €705 million, an increase of €16 million on December 31, 2013 restated.

The net balance reflects the tax reform in Iberia and the Robin Hood Tax in Italy. Specifically, the impact of the ruling that found the Robin Hood Tax to be unconstitutional on equity reserves was a negative €7 million.

In addition, the tax effect of the impairment losses recognized on the Enel Green Power Hellas CGU amounted to €24 million in respect of deferred tax assets and a negative €15 million on deferred tax liabilities.

## 24. Equity investments accounted for using the equity method - €323 million

Millions of euro	at Dec. 31, 2013 restated						at Dec. 31, 2014	
	Value	%	Acquisitions/ (Disposals)	Effect in profit or loss	Dividends	Other changes	Value	%
<b>Investments in associates</b>	<b>508</b>		<b>16</b>	<b>(41)</b>	<b>(44)</b>	<b>(202)</b>	<b>238</b>	
Empreendimentos Eólicos do Vale do Minho SA	15	50.0%	-	14	(10)	(1)	18	50.0%
ENEOP - Eólicas de Portugal SA	55	40.0%	-	17		(5)	67	40.0%
Other Enel Green Power España associates <sup>(*)</sup>	103		-	1	(4)	(24)	76	
Buffalo Dunes Wind Project	69	49.0%	5	3	-	(77)	-	
Other North America <sup>(*)</sup>	10		7	(13)	-	6	10	
Enel Green Power Hellas associates <sup>(*)</sup>	135	30.0%	4	(89)	-	-	50	30.0%
LaGeo SA de Cv	98	36.2%	-	28	(30)	(96)	-	
Terrae	15	15.0%	-	-	-	-	15	15.0%
Other	8		-	(2)	-	(5)	2	
<b>Investments in joint ventures</b>	<b>62</b>		<b>6</b>	<b>(15)</b>	<b>-</b>	<b>33</b>	<b>85</b>	
Enel Green Power España joint ventures <sup>(*)</sup>	24		-	1	-	(4)	21	
Osage Wind	-					42	42	50.0%
Enel Green Power Solar Energy Group <sup>(*)</sup>	6	50.0%	-	(1)	-	(5)	-	
3SUN	9	33.3%	6	(14)		-	1	33.3%
PowerCrop	23	50.0%	-	(1)	-	-	21	50.0%
<b>TOTAL</b>	<b>570</b>		<b>22</b>	<b>(56)</b>	<b>(44)</b>	<b>(169)</b>	<b>323</b>	

(\*) For more details, please see the attachment "Subsidiaries, associates and other significant equity investments of the Enel Green Power Group at December 31, 2014".

"Acquisitions/(Disposals)" include the capital increases in North America in Geronimo Wind Power (€7 million) and Buffalo Dunes LLC (€5 million), the latter prior to acquisition of control, and in the 3SUN joint venture (€6 million).

"Other changes" mainly report the effect of the disposal of the investments in LaGeo (€100 million) and Tirme (€21 million) and the line-by-line consolidation of Buffalo Dunes

(€77 million), only partly offset by the acquisition of the investment in the Osage project (€42 million).

The remainder mainly includes the impairment losses on the Enel Green Power Hellas CGU, discussed in note 22, in the amount of €89 million.

The principal income statement and balance sheet aggregates for associated companies are provided below.

Millions of euro	at Dec. 31, 2014				
	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity
<b>Investments in associates</b>					
ENEOP - Eólicas de Portugal SA	1,358	387	1,399	179	167
Empreendimentos Eólicos do Vale do Minho SA	262	44	220	50	36
<b>Investments in joint ventures</b>					
Osage	128	30	-	74	84
PowerCrop	57	20	-	35	42

Millions of euro	Revenue	Income before taxes	Net income/(loss) from continuing operations	Other comprehensive income	Total comprehensive income
<b>at December 31, 2014</b>					
<b>Investments in associates</b>					
ENEOP - Eólicas de Portugal SA	213	52	43	17	<b>43</b>
Empreendimentos Eólicos do Vale do Minho SA	80	37	28	14	<b>28</b>
<b>Investments in joint ventures</b>					
Osage	-	-	-	-	-
PowerCrop	3	(2)	(2)	(1)	<b>(2)</b>

Millions of euro	at Dec. 31, 2013				
	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity
<b>Investments in associates</b>					
ENEOP - Eólicas de Portugal SA	1,266	278	1,248	159	137
Empreendimentos Eólicos do Vale do Minho SA	274	53	234	63	30
<b>Investments in joint ventures</b>					
Osage	-	-	-	-	-
PowerCrop	55	8	1	16	46

Millions of euro	Revenue	Income before taxes	Net income/(loss) from continuing operations	Other comprehensive income	Total comprehensive income
<b>at December 31, 2013</b>					
<b>Investments in associates</b>					
ENEOP - Eólicas de Portugal SA	195	25	40	16	<b>40</b>
Empreendimentos Eólicos do Vale do Minho SA	89	45	32	16	<b>32</b>
<b>Investments in joint ventures</b>					
Osage	-	-	-	-	-
PowerCrop	4	(3)	(2)	(1)	<b>(2)</b>

With regard to the investment in the ENEOP project in Portugal, the Group has reached an agreement that will involve the consolidation of about 500 MW of capacity in 2015.

## 25. Derivatives

Millions of euro	Non-current				Current			
	at Dec. 31, 2014	of which with related parties	at Dec. 31, 2013 restated	of which with related parties	at Dec. 31, 2014	of which with related parties	at Dec. 31, 2013 restated	of which with related parties
Derivative financial assets	7	2	13	7	18	15	3	1
Derivative financial liabilities	96	71	34	14	7	7	4	4

For more details on the nature of derivative financial assets and liabilities, please see notes 45 "Financial instruments" and 47 "Derivatives and hedge accounting".

## 26. Other non-current financial assets - €428 million

Millions of euro

	at Dec. 31, 2014	of which with related parties	at Dec. 31, 2013 restated	of which with related parties	Change
<b>Other non-current financial assets included in net current assets</b>					
Advances for acquisition of equity investments	3	1	23	7	(20)
<b>Subtotal</b>	<b>3</b>		<b>23</b>		<b>(20)</b>
<b>Other non-current financial assets included in net financial debt</b>					
Long-term financial receivables	425	417	334	325	91
<b>Subtotal</b>	<b>425</b>		<b>334</b>		<b>91</b>
<b>TOTAL</b>	<b>428</b>		<b>357</b>		<b>71</b>

“Other non-current financial assets included in net current assets” amounted to €3 million, a decrease of €20 million attributable to the recovery of advances paid for the acquisition of investments following the finalization of the acquisition of projects in Latin America.

“Long-term financial receivables” amounted to €425 million, an increase of €91 million, mainly attributable to new loans to associates in Portugal (€88 million).

## 27. Other non-current assets - €158 million

Millions of euro

	at Dec. 31, 2014	of which with related parties	at Dec. 31, 2013 restated	of which with related parties	Change
Tax receivables	96		80		16
Grants to receive	46		25		21
Other receivables	16	3	21	3	(5)
<b>Total</b>	<b>158</b>		<b>126</b>		<b>32</b>

“Other non-current assets” amounted to €158 million, an increase of €32 million, mainly reflecting accrued green certificates not yet credited in Romania (€21 million) and VAT receivables accrued on plants under construction in Chile (€13 million).

## Current assets

### 28. Inventories - €184 million

“Inventories” amounted to €184 million, an increase of €95 million on December 31, 2013 restated (€89 million), the result of the purchase of turbines for projects in North Ameri-

ca (€49 million) and photovoltaic panels to be installed (€46 million).

## 29. Trade receivables - €440 million

Millions of euro

	at Dec. 31, 2014	of which with related parties	at Dec. 31, 2013 restated	of which with related parties	Change
Sale and transport of electricity	383	185	324	190	59
Other receivables	57		31	-	26
<b>Total</b>	<b>440</b>		<b>355</b>		<b>85</b>

"Trade receivables" amounted to €440 million, an increase of €85 million mainly due to an increase in receivables for electricity sales in Iberia (€33 million), Panama (€18 million) and Brazil (€17 million).

"Other receivables" amounted to €57 million, an increase of €26 million, mainly attributable to the Parent Company for receivables for water extraction.

For more details on trade receivables, please see note 45 "Financial instruments" and note 46.3 "Credit risk".

## 30. Tax receivables - €81 million

"Tax receivables" amounted to €81 million, an increase of €18 million on December 31, 2013 restated (€63 million). The item mainly reports the tax receivables of the subsidiaries in Chile (€24 million), Mexico (€19 million) and Spain (€16 million).

## 31. Other current financial assets - €426 million

Millions of euro

	at Dec. 31, 2014	of which with related parties	at Dec. 31, 2013 restated	of which with related parties	Change
<b>Other current financial assets included in net current assets</b>					
Accrued current financial income and prepaid financial expense	1	1	1	1	-
<b>Subtotal</b>	<b>1</b>		<b>1</b>		<b>-</b>
<b>Other current financial assets included in debt</b>					
Securities	140		13		127
Short-term financial receivables	9	9	7	7	2
Short-term portion of long-term financial receivables	20		-		20
Other short-term financial receivables	256	211	224	197	32
<b>Subtotal</b>	<b>425</b>		<b>244</b>		<b>181</b>
<b>TOTAL</b>	<b>426</b>		<b>245</b>		<b>181</b>

"Securities" amounted to €140 million, an increase of €127 million compared with December 31, 2013 restated, reflecting developments in temporary investments in short-term securities, mainly certificates of deposit in Brazil.

"Other short-term financial receivables" posted an increase of €32 million, mainly due to the increase in the receivables

of the Group finance company (Enel Green Power International BV) from the finance company of the Enel Group (€55 million), partly offset by a decrease in the financial receivables of the Parent Company in respect of Enel Green Power Solar Energy (€21 million), a joint venture previously accounted for using the equity method, which was consolidated on a line-by-line basis during the course of the year.



## 32. Other current assets - €494 million

Millions of euro

	at Dec. 31, 2014	of which with related parties	at Dec. 31, 2013 restated	of which with related parties	Change
Tax receivables	136		141		(5)
Non-monetary grants to be received	107	102	95	88	12
Advances to suppliers	50		84		(34)
Current prepaid operating expenses	52		48	1	4
Other receivables	149	27	44	10	105
<b>Total</b>	<b>494</b>		<b>412</b>		<b>82</b>

The decrease in "Tax receivables" mainly regards the decrease in VAT receivables in Romania (€18 million) and Iberia (€11 million), partly offset by an increase in receivables in Mexico (€14 million).

The increase in "Non-monetary grants to be received" essentially regards the green certificates of the companies in Italy (€7 million) and Romania (€4 million) which have accrued but not yet been officially issued by the competent regulatory authorities

"Advances to suppliers" is mainly composed of advances paid for the purchase of turbines for projects in North America. The decline compared with 2013 restated is essentially associated with the recovery of amounts paid in 2013 (€60 million), partly offset by new advances paid during the year (€31 million).

## 33. Cash and cash equivalents - €335 million

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013 restated	Change
Bank and post office deposits – demand	177	166	11
Bank and post office deposits – restricted	158	161	(3)
<b>Total</b>	<b>335</b>	<b>327</b>	<b>8</b>

"Bank and post office deposits – restricted" essentially regard deposits securing certain operations which require the pledging of funds to secure debt service (such as project financing or tax partnerships).

## 34. Non-current assets (or disposal groups) classified as held for sale and discontinued operations

### 34.1 Assets classified as held for sale and liabilities of a disposal group classified as held for sale

At December 31, 2013 restated, the item mainly comprised the net assets of the Portuguese cogeneration plants of the Enel Green Power España subsidiary (€13 million, of which

€10 million in "Cash and cash equivalents") and the wind plant of the WP France3 subsidiary in France (€12 million). Those plants were sold in January 2014.

## 34.2 Net income from discontinued operations - €(4) million

Millions of euro

	2014	2013 restated	Change
Total revenue including commodity contracts measured at fair value	-	70	(70)
Total costs	-	69	(69)
<b>GROSS OPERATING MARGIN</b>	<b>-</b>	<b>1</b>	<b>(1)</b>
Depreciation, amortization and impairment losses	-	8	(8)
<b>Operating income</b>	<b>-</b>	<b>(7)</b>	<b>7</b>
<b>Net income for the year excluding capital gains</b>	<b>-</b>	<b>(7)</b>	<b>7</b>
Gains from the disposal of assets	(4)	68	(72)
<b>Net income from discontinued operations</b>	<b>(4)</b>	<b>61</b>	<b>(65)</b>

The cost recognized in 2014 reflects the updated estimate of the adjustment payment due to Enel Energia, as provided for in the agreement for the sale of Enel.si.

## Liabilities

### Shareholders' equity and liabilities

## 35. Total shareholders' equity - €8,929 million

### 35.1 Equity attributable to the shareholders of the Parent Company - €7,835 million

#### Share capital - €1,000 million

Share capital is represented by 5,000,000,000 ordinary shares with a par value of €0.20 and is entirely paid up.

At December 31, 2014, based on the shareholders register and taking due account of the notices sent to CONSOB and received by the Company pursuant to Article 120 of Legislative Decree 58 of February 24, 1998, as well as other available information, no shareholders held more than 2% of total share capital apart from Enel SpA (with 68.29% of share capital) and Norges Bank (with 2.04%).

#### Other reserves - €6,476 million

The main components of reserves are detailed below.

#### Legal reserve - €200 million

The legal reserve is equal to 20% of share capital and has therefore reached the limit provided for under Article 2430 of the Civil Code.

#### Reserve from the measurement of CFH financial instruments - €(42) million

This reports the net charges recognized directly in equity as a result of the measurement of cash flow hedge derivatives.

#### Reserve from equity investments accounted for using the equity method - €(18) million

This reports the net charges recognized directly in equity as a result of the measurement of the derivatives of companies accounted for using the equity method.

#### Translation reserve - €167 million

This item reports the effects of the translation of the financial statements of subsidiaries denominated in a local currency different from the functional currency. At December 31, 2014, the reserve amounted to a positive €167 million, up €379 million. The increase was due to the effects of the net depreciation of the functional currency against the foreign currencies used by the subsidiaries.

## Reserve for employee benefits - €(8) million

Following the application of IAS 19 Revised as from January 1, 2013, the reserve registered all actuarial gains and losses in respect of employee benefit plans, net of effects.

## Sundry reserves (excluding the legal reserve) - €6,377 million

Of the total, €3,300 million regard the reserves allocated to the Parent Company as part of the spin-off from Enel Produzione SpA and, more specifically, comprises the revaluation reserve (equal to €138 million), which reports the

amount of the revaluation carried out in 2003 in compliance with Law 350/2003. Taxation on that reserve has been suspended (in the event of distribution, the gross amount of the reserve will be subject to ordinary taxation with recognition of a tax credit of 19%). At present, the distribution of that reserve has been deferred indefinitely.

The table below shows the changes in gains and losses recognized directly in equity, including non-controlling interests, with specific reporting of the related tax effects.

Millions of euro	at Dec. 31, 2013 restated			Changes			at Dec. 31, 2014					
	Total	of which shareholders of Parent Company	of which non-con- trolling interests	Gains/ (Losses) recogni- zed in equity for the year	Relea- sed to income state- ment	Taxes	Total	of which sharehol- ders of Parent Com- pany	of which non-con- trolling interests	Total	of which sharehol- ders of Parent Com- pany	of which non-con- trolling interests
Reserve from measure- ment of CFH financial instruments	(3)	(6)	3	(71)	21	9	(41)	(36)	(5)	(44)	(42)	(2)
Reserve from equity investments accounted for using the equity method	(12)	(12)	-	(6)	-	-	(6)	(6)	-	(18)	(18)	-
Translation reserve	(222)	(212)	(10)	421	-	-	421	379	42	199	167	32
Gain/(LOSS) from remeasurement of net liabilities/(assets) for defined-benefit plans	(5)	(5)	-	(3)	-	-	(3)	(3)	-	(8)	(8)	-
<b>Total gains/(losses) recognized in equity</b>	<b>(242)</b>	<b>(235)</b>	<b>(7)</b>	<b>341</b>	<b>21</b>	<b>9</b>	<b>371</b>	<b>334</b>	<b>37</b>	<b>129</b>	<b>99</b>	<b>30</b>

## 35.2 Non-controlling interests - €1,094 million

Non-controlling interests increased by €121 million, mainly attributable to net income for the year pertaining to non-controlling shareholders (€81 million), exchange rate differences recognized in the translation reserve (€42 million) and the change in the scope of consolidation associated with

the Buffalo Dunes project in North America (€40 million), partly offset by the payment of dividends to non-controlling shareholders (€26 million) by a number of subsidiaries.

The following table reports non-controlling interests by area of operations.

Millions of euro	at Dec. 31, 2014	at Dec. 31, 2013 restated	Change
Europe	726	690	36
Latin America	260	221	39
North America	108	62	46
<b>Non-controlling interests</b>	<b>1,094</b>	<b>973</b>	<b>121</b>

## 35.3 Dividends - €160 million

In 2014 the Parent Company paid dividends for 2013 in the amount of €160 million (€0.032 per share).

The dividend for 2014 amounts to €0.032 per share, for a total of €160 million. It will be proposed to the Shareholders' Meeting on May 8, 2015.

## 35.4 Capital management

The Company's objectives for managing capital comprise safeguarding the business as a going concern, creating value for stakeholders and supporting the development of the Group. In particular, the Company seeks to maintain an adequate capitalization that enables it to achieve a satisfactory return for shareholders and ensure access to external sources of financing.

In this context, the Company manages its capital structure and adjusts that structure when changes in economic conditions so require. There were no substantive changes in objectives, policies or processes in 2014.

To this end, the Company constantly monitors developments in the level of its debt in relation to equity. The situation at December 31, 2014 and 2013 is summarized in the following table.

Millions of euro			
	at Dec. 31, 2014	at Dec. 31, 2013 restated	Change
Non-current financial position	(6,035)	(5,196)	(839)
Net current financial position	(428)	(462)	34
Non-current financial receivables and long-term securities	425	334	91
<b>Net financial debt</b>	<b>(6,038)</b>	<b>(5,324)</b>	<b>(714)</b>
Equity attributable to the shareholders of the Parent Company	7,835	7,290	545
Non-controlling interests	1,094	973	121
<b>Shareholders' equity</b>	<b>8,929</b>	<b>8,263</b>	<b>666</b>
Debt/equity ratio	0.7	0.6	0.1

## Non-current liabilities

## 36. Borrowings - €7,223 million

Millions of euro					
	at Dec. 31, 2014	of which with related parties	at Dec. 31, 2013 restated	of which with related parties	Change
Long-term borrowings (including current portion)	6,358	2,455	5,408	2,482	950
Short-term borrowings	865	832	821	797	44

For more details on the nature and valuation of borrowings, please see note 45 "Financial instruments".

## 37. Post-employment and other employee benefits - €43 million

The Group provides its employees with a variety of benefits, including termination benefits, additional months' pay, indemnities in lieu of notice, loyalty bonuses for achievement of seniority milestones, supplementary healthcare plans and

residential electricity discounts (which have changed following the recent contractual agreement concerning employees in service).

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013 restated	Change
Post-employment and other employee benefits	21	26	(5)
Electricity discounts	5	5	-
Additional months' pay and indemnity in lieu of notice	5	4	1
Loyalty bonus	3	3	-
Asem supplementary health care plan	3	3	-
Other employee benefits	6	6	-
<b>Total</b>	<b>43</b>	<b>47</b>	<b>(4)</b>

"Post-employment and other employee benefits" were essentially unchanged on December 31, 2013 restated, as there were no significant changes during the year in the actuarial hypotheses already used in the 2013 financial statements. Consequently, no material actuarial gains or

losses were recognized in the statement of comprehensive income.

The table below reports the change for the year in the defined-benefit obligation.

Millions of euro

	2014				2013			
	Pension benefits	Electricity discount	Other benefits	Total	Pension benefits	Electricity discount	Other benefits	Total
<b>CHANGES IN DEFINED-BENEFIT OBLIGATION</b>								
<b>Actuarial obligation at January 1</b>	<b>33</b>	<b>5</b>	<b>9</b>	<b>47</b>	<b>76</b>	<b>4</b>	<b>8</b>	<b>88</b>
Current service cost	-	-	1	1	2	-	-	2
Interest expense	1	-	-	1	2	-	-	2
Actuarial (gains)/losses arising from changes in financial assumptions	1	-	1	2	-	1	-	1
Experience adjustments	(1)	-	(1)	(2)	-	-	-	-
Past service cost	-	-	-	-	(2)	-	-	(2)
(Gains)/Losses arising from settlements	-	-	-	-	(42)	-	-	(42)
Payments in respect of settlements	(6)	-	-	(6)	(3)	-	-	(3)
Other changes	-	-	-	-	-	-	1	1
<b>Actuarial obligation at December 31</b>	<b>28</b>	<b>5</b>	<b>10</b>	<b>43</b>	<b>33</b>	<b>5</b>	<b>9</b>	<b>47</b>

The following table reports the impact of employee benefits on the income statement for the year ended December 31, 2014.

Millions of euro	2014	2013
<b>(GAINS)/LOSSES CHARGED TO PROFIT OR LOSS</b>		
Service cost	1	(42)
Net interest	1	2
<b>Total</b>	<b>2</b>	<b>(40)</b>

Millions of euro	2014	2013
<b>REMEASUREMENT (GAINS)/LOSSES IN OCI</b>		
Actuarial (gains)/losses on defined benefit plans	-	1
Other changes	-	1
<b>Total</b>	<b>-</b>	<b>2</b>

The following table reports the sensitivity of the various plans.

	Pension benefits	Electricity discount	Other benefits	Pension benefits	Electricity discount	Other benefits
	2014			2013		
A decrease of 0.5% in discount rate	31	5	7	31	6	6
An increase of 0.5% in discount rate	28	4	6	28	5	5
An increase of 0.5% in inflation rate	30	5	7	30	5	6
An increase of 0.5% in remuneration	21	-	3	30	5	6
An increase of 1% in healthcare costs	-	-	4	30	5	6
An increase of 1 year in life expectancy of active and retired employees	-	5	1	30	5	1

## 38. Provisions for risks and charges - €150 million (of which €20 million at short term)

“Provisions for risks and charges” break down into the following main components.

Millions of euro	Accruals	Utilization/ Reversals	Other changes and exchange rate effects	of which current portion		
	at Dec. 31, 2013 restated			at Dec. 31, 2014		
Litigation	14	6	(2)	(2)	16	-
Charges for generation plants	66	16	(10)	7	79	1
Taxes	4	2	(2)	1	5	2
Other	10	13	-	4	27	1
<b>Total</b>	<b>94</b>	<b>37</b>	<b>(14)</b>	<b>10</b>	<b>127</b>	<b>4</b>
Early retirement incentives	36	2	(16)	1	23	16
<b>TOTAL PROVISIONS FOR RISK AND CHARGES</b>	<b>130</b>	<b>39</b>	<b>(30)</b>	<b>11</b>	<b>150</b>	<b>20</b>

For more details, please see note 36 to the separate financial statements of the Parent Company.

## 39. Other non-current liabilities - €192 million

Millions of euro	at Dec. 31, 2014	at Dec. 31, 2013 restated	Change
Liabilities for urbanization fees	51	59	(8)
Liabilities for purchase of operations and businesses	13	12	1
Other liabilities	128	110	18
<b>Total</b>	<b>192</b>	<b>181</b>	<b>11</b>

For more details on “Liabilities for urbanization fees”, please see note 37 to the separate financial statements of the Parent Company.

“Liabilities for purchase of operations and businesses” regard the recognition of the option (put&call) for the equity interest in Renovables de Guatemala held by Simest (6.16%) in the

amount of €13 million (€12 million at December 31, 2013 restated). The Parent Company is committed to acquiring the entire holding of Simest and its related fund in Renovables de Guatemala between June 30, 2015 and June 30, 2017.

As regards the hierarchy of inputs used in determining fair value of the above options, the associated derivative is classified as level 3. The notional amount is equal to the fair



value, calculated using the binominal option pricing model. During the year, changes in the fair value did not produce a significant effect on profit or loss.

The increase in "Other liabilities" in the amount of €18 million is mainly attributable to the liability for the acquisition of the Talinay Poniente project in Chile (€13 million).

## Current liabilities

### 40. Trade payables - €888 million

Millions of euro

	at Dec. 31, 2014	of which with related parties	at Dec. 31, 2013 restated	of which with related parties	Change
Trade payables	888	129	741	168	147
<b>Total</b>	<b>888</b>		<b>741</b>		<b>147</b>

"Trade payables" amounted to €888 million, an increase of €147 million, mainly in respect of payables to the compa-

nies in North America (€116 million) and Chile (€74 million), primarily for operating investments at the end of the year.

### 41. Income tax payables - €80 million

"Income tax payables" amounted to €80 million, an increase of €39 million compared with December 31, 2013 restated (€41 million), mainly attributable to an increase in the paya-

bles of the Parent Company to the ultimate Parent Enel SpA within the framework of the consolidated taxation mechanism.

### 42. Other current financial liabilities - €82 million

Millions of euro

	at Dec. 31, 2014	of which with related parties	at Dec. 31, 2013 restated	of which with related parties	Change
Other current financial payables	27	14	18	16	9
Current accrued financial liabilities and deferred financial income	55	43	71	56	(16)
<b>Total</b>	<b>82</b>		<b>89</b>		<b>(7)</b>

"Current accrued financial liabilities and deferred financial income" declined by €16 million, mainly reflecting the payment of interest expense accruing in 2014 on the current

account held by the Enel Green Power Group finance company with the finance company of the Enel Group (€12 million).

### 43. Net financial position and long-term financial receivables and securities - €6,038 million

The following table shows the net financial position and long-term financial receivables and securities.

Millions of euro

	at Dec. 31, 2014	of which with related parties	at Dec. 31, 2013 restated	of which with related parties	Change
Long-term borrowings	(6,035)	(2,455)	(5,196)	(2,480)	(839)
Short-term borrowings	(865)	(832)	(821)	(797)	(44)
Current portion of long-term borrowings	(323)	-	(212)	(2)	(111)
Non-current financial assets included in debt	425	417	334	325	91
Current financial assets included in debt	425	220	244	204	181
Cash and cash equivalents	335		327		8
<b>Total</b>	<b>(6,038)</b>		<b>(5,324)</b>		<b>(714)</b>

Pursuant to the CONSOB instructions of July 28, 2006, the following table reports the net financial position at December 31, 2014, and December 31, 2013, reconciled with net

financial debt as provided for in the presentation methods of the Enel Green Power Group.

Millions of euro

	at Dec. 31, 2014	of which with related parties	at Dec. 31, 2013 restated	of which with related parties	Change
Bank and post office deposits	335		327		8
Securities	140		13		127
<b>Liquidity</b>	<b>475</b>		<b>340</b>		<b>135</b>
<b>Other short-term financial receivables</b>	<b>285</b>	<b>220</b>	<b>231</b>	<b>204</b>	<b>54</b>
Short-term bank debt	(13)		(23)		10
Short-term portion of long-term bank debt	(193)		(126)		(67)
Other borrowings and borrowings from related parties (short-term portion)	(130)		(86)	2	(44)
Other short-term financial payables	(852)	832	(798)	797	(54)
<b>Total short-term financial debt</b>	<b>(1,188)</b>		<b>(1,033)</b>		<b>(155)</b>
<b>Net short-term financial debt</b>	<b>(428)</b>		<b>(462)</b>		<b>34</b>
Debt to banks	(2,711)		(2,113)		(598)
Other borrowings and borrowings from related parties	(3,324)	(2,455)	(3,083)	(2,480)	(241)
<b>Long-term financial position</b>	<b>(6,035)</b>		<b>(5,196)</b>		<b>(839)</b>
<b>Net financial position as per CONSOB instructions</b>	<b>(6,463)</b>		<b>(5,658)</b>		<b>(805)</b>
Long-term financial receivables and securities	425	417	334	325	91
<b>NET FINANCIAL DEBT</b>	<b>(6,038)</b>		<b>(5,324)</b>		<b>(714)</b>

For more details, please see note 45 "Financial instruments".

## 44. Other current liabilities - €403 million

Millions of euro

	at Dec. 31, 2014	of which with related parties	at Dec. 31, 2013 restated	of which with related parties	Change
Payables for sundry urbanization and license fees	31		34		(3)
Payables due to employees and social security institutions	51		26		25
Liabilities for purchase of operations and businesses	90		49		41
Payments on account and accrued expenses	79		78		1
Other tax payables	34		33		1
Other liabilities	118	11	120	51	(2)
<b>Total</b>	<b>403</b>		<b>340</b>		<b>63</b>

For more details on the item "Payables for sundry urbanization and license fees" and "Payable due to employees and social security institutions", please see note 42 to the separate financial statements of the Parent Company.

"Liabilities for purchase of operations and businesses" mainly regard:

- > the contingent recognition of the contingent for the acquisition of businesses in North America, discussed in note 5, with a fair value of €79 million (€37 million at December 31, 2013 restated);
- > the recognition of the option (put&call) for the non-controlling interest in Maicor Wind in the amount of €11 mil-

lion (€12 million at December 31, 2013 restated).

As regards the hierarchy of inputs used in determining the fair value of the above liabilities, they are classified as level 3. The notional amount of the options for Maicor Wind is equal to the fair value calculated using the discounted cash flow approach, while the value of the contingent consideration for the projects in North America was quantified on the basis of the unit value per MW provided for in the purchase contracts for the development fee, taking account of the probability that the individual initiative would be carried out.

During the year, change in the fair values did not have a material impact on profit or loss.

## 45. Financial instruments

This note provides disclosures that enable users to assess the significance of financial instruments for the Group financial position and performance.

### 45.1 Financial assets by category

The following table reports the carrying amount for each category of financial asset provided for under IAS 39, broken down into current and non-current financial assets,

showing hedging derivatives and derivatives measured at fair value through profit or loss separately.

Millions of euro	Non-current		Current	
	at Dec. 31, 2014	at Dec. 31, 2013 restated	at Dec. 31, 2014	at Dec. 31, 2013 restated
<b>Loans and receivables</b>	<b>424</b>	<b>333</b>	<b>1,041</b>	<b>913</b>
<b>Available for sale financial assets</b>	<b>3</b>	<b>23</b>	140	13
Cash flow hedge derivatives	7	13	18	3
<b>Total derivative financial assets designated as hedging instruments</b>	<b>7</b>	<b>13</b>	18	3
<b>TOTAL</b>	<b>434</b>	<b>369</b>	<b>1,199</b>	<b>929</b>

#### 45.1.1 Loans and receivables

The following table shows loans and receivables by nature, broken down into current and non-current financial assets.

Millions of euro	Non-current		Current	
	at Dec. 31, 2014	at Dec. 31, 2013 restated	at Dec. 31, 2014	at Dec. 31, 2013 restated
Cash and cash equivalents	-	-	335	327
Trade receivables	-	-	440	355
Other financial receivables	424	333	266	231
<b>Total</b>	<b>424</b>	<b>333</b>	<b>1,041</b>	<b>913</b>

Trade receivables from customers are recognized net of allowances for impairment losses, which amounted to €16 million at the end of 2014, up from the opening balance of €6 million.

The table below shows impairment losses on trade receivables.

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013 restated
Gross value	456	361
Allowances and impairment	(16)	(6)
<b>Net value</b>	<b>440</b>	<b>355</b>

Note 46 "Risk Management" provides the following information:

- > the ageing of receivables past due but not impaired;
- > transfers of financial assets during the year.

### 45.1.2 Available for sale financial assets

The following table shows available for sale financial assets by nature, broken down into current and non-current financial assets.

Millions of euro	Non-current		Current	
	at Dec. 31, 2014	at Dec. 31, 2013 restated	at Dec. 31, 2014	at Dec. 31, 2013 restated
Payments on account for purchase of equity investments	3	23	-	-
Current securities available for sale	-	-	140	13
<b>Total</b>	<b>3</b>	<b>23</b>	<b>140</b>	<b>13</b>

### 45.1.3 Derivative financial assets

The following table shows the notional amount and fair value of derivative financial assets, by type of hedge relationship and hedged risk, broken down into current and non-current financial assets.

Millions of euro	Non-current					Current				
	Notional amount		Fair value		Change	Notional amount		Fair value		Change
at Dec. 31, 2014	at Dec. 31, 2013	at Dec. 31, 2014	at Dec. 31, 2013	at Dec. 31, 2014		at Dec. 31, 2013	at Dec. 31, 2014	at Dec. 31, 2013		
<b>Derivative financial assets designated as hedging instruments:</b>										
- on interest rate risk	-	430	-	7	(7)	-	-	-	-	-
- on commodity risk	112	24	7	6	1	326	24	18	3	15
<b>Total</b>	<b>112</b>	<b>454</b>	<b>7</b>	<b>13</b>	<b>(6)</b>	<b>326</b>	<b>24</b>	<b>18</b>	<b>3</b>	<b>15</b>
<b>Derivatives at FVTPL:</b>										
- on exchange rate risk	-	-	-	-	-	47	13	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL DERIVATIVE FINANCIAL ASSETS</b>	<b>112</b>	<b>454</b>	<b>7</b>	<b>13</b>	<b>(6)</b>	<b>373</b>	<b>37</b>	<b>18</b>	<b>3</b>	<b>15</b>

As regards the hierarchy of inputs used in determining the fair value of the derivatives, they are classified as level 2.

For more details on derivative financial assets, please see note 47 "Derivatives and hedge accounting".

## 45.2 Financial liabilities by category

The following table shows the carrying amount for each category of financial liability provided for under IAS 39, broken down into current and non-current financial liabilities,

showing hedging derivatives and derivatives measured at fair value through profit or loss separately.

Millions of euro	Non-current		Current	
	at Dec. 31, 2014	at Dec. 31, 2013 restated	at Dec. 31, 2014	at Dec. 31, 2013 restated
<b>Financial liabilities measured at amortized cost</b>	<b>6,035</b>	<b>5,196</b>	<b>2,076</b>	<b>1,774</b>
Derivative financial liabilities at FVTPL	-	-	6	2
<b>Total financial liabilities at fair value through profit or loss</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>2</b>
Cash flow hedge derivative financial liabilities	96	34	1	2
<b>Total derivative financial liabilities designated as hedging instruments</b>	<b>96</b>	<b>34</b>	<b>1</b>	<b>2</b>
<b>TOTAL</b>	<b>6,131</b>	<b>5,230</b>	<b>2,083</b>	<b>1,778</b>

### 45.2.1 Financial liabilities measured at amortized cost

The following table shows financial liabilities at amortized cost by nature, broken down into current and non-current financial liabilities.

Millions of euro	Non-current		Current	
	at Dec. 31, 2014	at Dec. 31, 2013 restated	at Dec. 31, 2014	at Dec. 31, 2013 restated
Long-term borrowings (including current portion)	6,035	5,196	323	212
- of which finance leases	151	155	9	12
Short-term borrowings	-	-	865	821
Trade payables	-	-	888	741
<b>Total</b>	<b>6,035</b>	<b>5,196</b>	<b>2,076</b>	<b>1,774</b>

For more details about financial leases, please see note 20 "Property, plant and equipment".

## Borrowings

### Long-term borrowings (including the current portion due within 12 months) - €6,358 million

The following table shows the nominal values, carrying amounts and fair values of long-term borrowings at December 31, 2014, in millions of euro and other currencies,

including the portion falling due within twelve months, grouped by type of borrowing and type of interest rate.

Millions of euro	Nominal value	Carrying amount	Current portion	Portion due in more than 12 months	Fair value	at Dec. 31, 2013 restated				
						Nominal value	Carrying amount	Current portion	Portion due in more than 12 months	Fair value
<b>at Dec. 31, 2014</b>						<b>at Dec. 31, 2013 restated</b>				
- fixed rate	604	604	18	586	323	580	581	6	575	591
- floating rate	2,321	2,300	175	2,125	1,698	1,665	1,658	120	1,538	1,694
<b>Total bank borrowings</b>	<b>2,925</b>	<b>2,904</b>	<b>193</b>	<b>2,711</b>	<b>2,021</b>	<b>2,245</b>	<b>2,239</b>	<b>126</b>	<b>2,113</b>	<b>2,285</b>
- fixed rate	823	823	120	703	1,006	513	512	58	454	589
- floating rate	176	176	10	166	10	176	175	26	149	184
<b>Total non-bank borrowings</b>	<b>999</b>	<b>999</b>	<b>130</b>	<b>869</b>	<b>1,016</b>	<b>689</b>	<b>687</b>	<b>84</b>	<b>603</b>	<b>773</b>
- fixed rate	2,455	2,455	-	2,455	3,296	2,482	2,482	2	2,480	2,823
<b>Total borrowings from related parties</b>	<b>2,455</b>	<b>2,455</b>	<b>-</b>	<b>2,455</b>	<b>3,296</b>	<b>2,482</b>	<b>2,482</b>	<b>2</b>	<b>2,480</b>	<b>2,823</b>
<b>TOTAL LONG-TERM BORROWINGS</b>	<b>6,379</b>	<b>6,358</b>	<b>323</b>	<b>6,035</b>	<b>6,333</b>	<b>5,416</b>	<b>5,408</b>	<b>212</b>	<b>5,196</b>	<b>5,881</b>

“Bank borrowings” amounted to €2,904 million (including the portion falling due within 12 months, equal to €193 million). The item is mainly composed of:

- > loans granted by the EIB to the Parent Company, totaling €655 million (€682 million at December 31, 2013 restated). The loans were granted to finance investments in renewables generation in Italy (of which €300 million fixed rate);
- > a floating-rate loan granted by the EIB to Enel Green Power International BV totaling €200 million to finance renewables projects in Romania (€50 million at December 31, 2013 restated);
- > floating-rate bank loans totaling €242 million granted within a project financing structure (€273 million at December 31, 2013 restated) to Enel Green Power España and Finerge by 10 Spanish banks, including financing from Caixa in the amount of €65 million, Sabadell in the amount of €16 million, Banesto in the amount of €13 million, Caja Astur in the amount of €14 million, BBVA in the amount of €43 million, ING in the amount of €29 million, Bankia in the amount of €25 million and Montepio in the amount of €17 million;
- > a floating-rate loan from ELO, the finance arm of the Danish Export Credit Agency (EKF) through Citibank International PLC (as lead arranger and facility agent) to Enel Green Power International BV, totaling €423 million (€446 million at December 31, 2013 restated), for the development of wind projects in Brazil, North America, Romania and Chile;
- > a €141 million floating-rate loan from Banco Santander in March 2014 to Enel Green Power International BV to finance the development of the wind projects of Zopiloapan and Bee Nee Stipa II in Mexico;
- > a fixed-rate loan from IADB to the subsidiary Enel Green Power México S de RL de Cv totaling €48 million (€54 million at December 31, 2013 restated, with a nominal value of 858 million Mexican pesos), for the development of the Bee Nee Stipa II project in Mexico;
- > a fixed-rate loan from BBVA to the subsidiary Enel Green Power México S de RL de Cv totaling €206 million (\$250 million), for the development of wind farms in Mexico (€181 million at December 31, 2013 restated);
- > a floating-rate loan in December 2014 from the Santander SA Group to the subsidiary Enel Green Power México S de RL de Cv in the amount of €72 million (\$93 million) for the development of wind farms in Mexico;
- > a floating-rate loan of €145 million to the Parent Company (€163 million at December 31, 2013 restated) from

Intesa Sanpaolo SpA to finance the following projects: Palo Viejo in Guatemala, Talinay in Chile and Chucas in Costa Rica. The loan benefits from an interest rate subsidy from Simest SpA;

- > loans totaling €88 million granted by BBVA to Enel Green Power Partecipazioni Speciali Srl, of which half bearing a fixed rate (€88 million at December 31, 2013 restated) for the development of wind projects in Mexico. The loans benefit from an interest rate subsidy from Simest SpA;
- > a floating-rate loan of €50 million (€50 million at December 31, 2013 restated) granted by Unicredit SpA to Enel Green Power Partecipazioni Speciali Srl to develop wind projects in Mexico. The loans benefit from an interest rate subsidy from Simest SpA;
- > a floating-rate loan of €206 million (equal to \$250 million) granted by BBVA to Enel Green Power Chile (€145 million at December 31, 2013 restated);
- > a floating-rate loan of €82 million (equal to \$100 million) granted by BCI to Enel Green Power Chile (€73 million at December 31, 2013 restated);
- > a floating-rate loan of €62 million (\$75 million) in December 2014 granted by BBVA to Enel Green Power Chile;
- > floating-rate loans totaling €131 million (R\$422 million) disbursed in two tranches by IFC to Enel Brasil Participações;
- > floating-rate loans totaling €81 million (R\$261 million) disbursed in December 2014 by Itaú to Enel Brasil Participações;
- > floating-rate bank loans totaling €17 million (€24 million at December 31, 2013 restated) granted primarily by Citibank and NBG Bank to a number of Greek subsidiaries;
- > a floating-rate bank loan of €9 million (€8 million at December 31, 2013 restated; nominal value of \$11 million) granted by Banco Industrial de Guatemala to Enel Guatemala.

“Non-bank borrowings” amounted to €999 million (including the portion falling due within 12 months equal to €130 million). They largely regard:

- > loans for tax partnership arrangements in the amount of €794 million (€485 million at December 31, 2013 restated) for the North American projects already under way last year (Snyder Wind Farm, Smoky Hills I, Smoky Hills II, Caney River, Prairie Rose and Chisholm View) and the new projects Buffalo Dunes, consolidated on a full line-by-line basis since April (€181 million), and Origin, consolidated as from November 2014 (€129 million);
- > loans granted within a project financing structure to



subsidiaries of Enel Green Power North America in the amount of €29 million (€41 million at December 31, 2013 restated);

- > lease contracts amounting to €160 million (€136 million at December 31, 2013 restated) entered into by seven Italian subsidiaries to develop wind and photovoltaic projects in Italy;
- > other loans of €9 million (€22 million at December 31, 2013 restated) granted to the subsidiaries of Enel Green Power España to develop wind projects.

“Borrowings from related parties” include the loan from Enel Finance International NV to Enel Green Power International BV amounting to €2,455 million (€2,453 million at December 31, 2013 restated).

As regards the hierarchy of inputs used in determining the fair value of the above liabilities, they are classified as level 2.

The following table breaks down loans granted through project finance and finance lease arrangements.

Country	No. contracts	Millions of euro	Technology	With/without recourse
North America	5	29	Hydroelectric – Wind	Without recourse
Spain	11	221	Wind	Without recourse
Portugal	2	21	Wind	With recourse
Italy	3	27	Solar	Without recourse
<b>Total</b>	<b>21</b>	<b>298</b>		

Country	No. contracts	Millions of euro	Technology	With/without recourse
Italy	9	160	Wind - Solar	Without recourse
<b>Total</b>	<b>9</b>	<b>160</b>		

Loans issued within project financing structures – totaling €298 million at December 31, 2014 – mainly regard single plant companies in which the Group generally holds a majority interest. Such loans require the shareholders, together with the project companies, to comply with a number of corporate structure and financial covenants.

More specifically, the corporate structure covenants give lenders the right to call in the loans in the event of changes in the ownership of the companies receiving the financing and the project companies.

The financial covenants generally:

- > require the project company to meet specified equity/debt ratios – generally 15%/85% (in some cases 10%/90% or 20%/80%);
- > restrict the scope for the project company to distribute dividends: i) by generally requiring a debt service cover ratio (i.e. the ratio of a) expected cash flows from the financed project in a given year and b) the interest and principal maturing in the same year) of more than 1.10 (in some cases 1.05 or 1.15); and ii) by limiting the payment to the liquidity reported in the audited accounts;

- > give lenders the right to demand early repayment if the debt service cover ratio falls below 1.05 (in some cases, below 1.00 or 1.10);
- > provide for a decrease or increase in the interest rates on loans in relation to the level of the debt service cover ratio. In particular, the spread on the benchmark rate generally increases if the debt service cover ratio exceeds 1.25 (in some cases 1.40) and decreases in the opposite case.

As of the reporting date, all covenants had been complied with and no default events had occurred or restrictions been imposed on the use of the financing, with the exception of two project finance arrangements in Spain, which have been reclassified from “Long-term borrowings” to “Short-term portion of long-term borrowings” in the total amount of €14 million.

The table below shows long-term borrowings by currency and interest rate.

Millions of euro	Nominal value	Carrying amount	Carrying amount at Dec. 31, 2013 restated	Current average interest rate	Current effective interest rate
	at Dec. 31, 2014			at Dec. 31, 2014	
<b>Euro</b>	<b>4,636</b>	<b>4,625</b>	<b>4,244</b>	<b>4.22%</b>	<b>4.40%</b>
US dollar	1,462	1,462	1,094	5.87%	5.93%
Mexican peso	53	48	55	7.91%	7.91%
Brazilian real	217	212	-	13.87%	13.87%
Other currencies	11	11	15		
<b>Total non-euro currencies</b>	<b>1,743</b>	<b>1,733</b>	<b>1,164</b>		
<b>TOTAL</b>	<b>6,379</b>	<b>6,358</b>	<b>5,408</b>		

Long-term borrowing denominated in currencies other than the euro increased by €569 million on the previous year. The rise is mainly attributable to:

- > two tax partnerships obtained for the Buffalo Dunes and Origin projects with a total value of €310 million;
- > bank loans from Itaú and IFC to the Brazilian companies totaling €212 million;

> bank loans from BBVA to the Chilean companies in the amount of €103 million.

The table below shows the characteristics of the main borrowings obtained in 2014.

Type of borrowing	Issue date	Issue amount (millions of euro)	Original currency	Interest rate	Interest rate type	Maturity
<b>Bank borrowings:</b>						
- Chile	03/12/2014	62	USD	6M Libor+2.65%	Floating rate	03/12/2021
- Chile	29/01/2014	41	USD	6M Libor+2.7%	Floating rate	19/12/2018
- Netherlands	27/03/2014	147	EUR	6M Euribor+2.10%	Floating rate	27/03/2026
- Netherlands	14/08/2014	150	EUR	6M Euribor+0.60%	Floating rate	14/02/2029
- Netherlands	30/09/2014	15	EUR	6M Euribor+2.43%	Floating rate	16/12/2025
- Brazil	06/08/2014 - 18/12/2014	131	BRL	CDI Overnight+2.045%	Floating rate	15/09/2024
- Brazil	18/12/2014	81	BRL	CDI Overnight+2.5%	Floating rate	15/09/2024
- Mexico	18/12/2014	77	USD	6M Libor+1.95%	Floating rate	24/12/2029
<b>Total</b>		<b>704</b>				
<b>Non-bank borrowings:</b>						
- North America	26/11/2014	129	USD	8%	Fixed rate	26/11/2024
- North America	01/04/2014	181	USD	8%	Fixed rate	31/12/2023
<b>Total</b>		<b>310</b>				

For more details about the maturity analysis of borrowings, please see note 46 "Risk management".

### Short-term borrowings - €865 million

The following table shows short-term borrowings at December 31, 2014, broken down by nature.

Millions of euro	at Dec. 31, 2014	at Dec. 31, 2013 restated	Change
Borrowings from related parties	832	797	35
Borrowings from banks and other lenders	33	24	9
<b>Total</b>	<b>865</b>	<b>821</b>	<b>44</b>

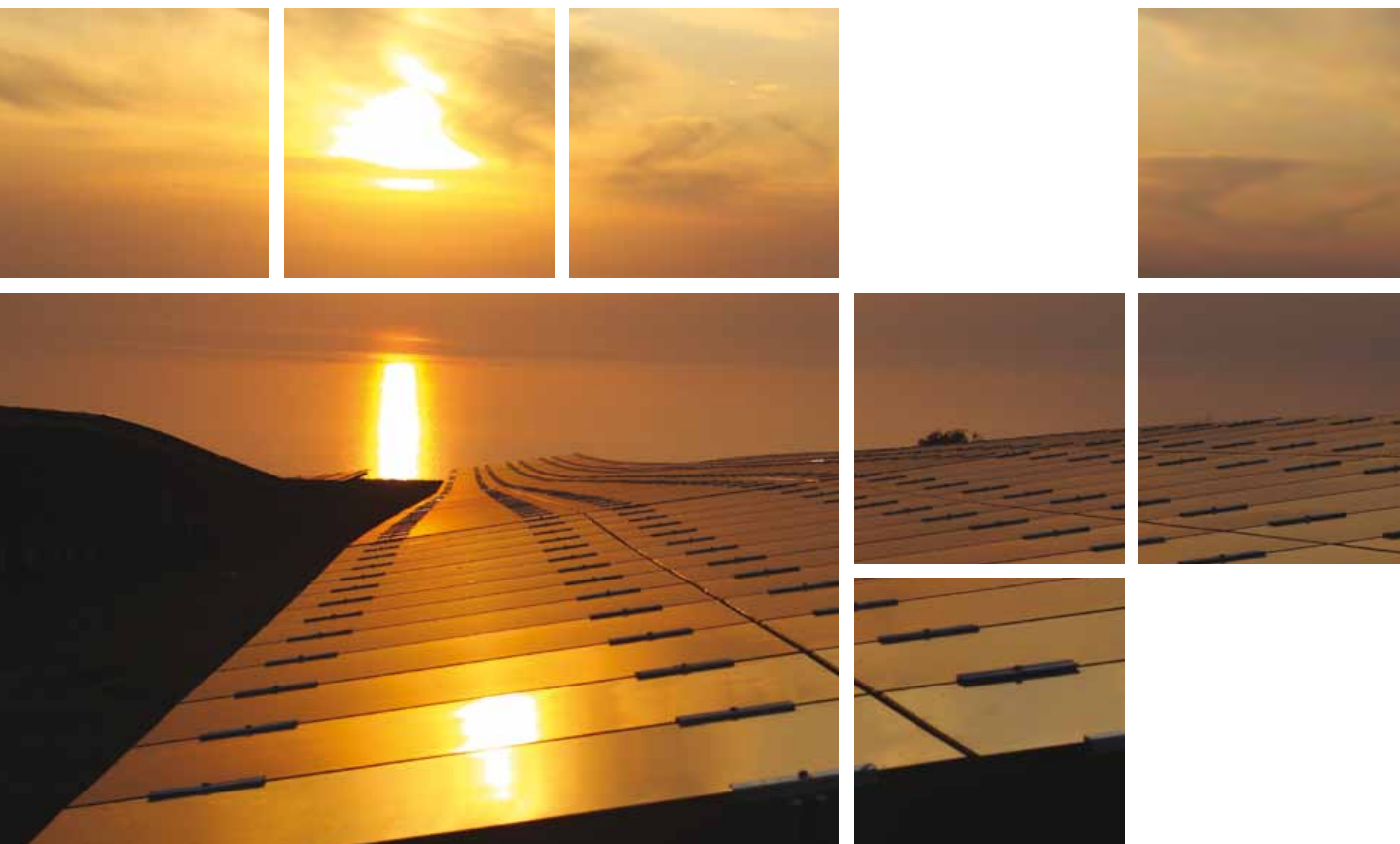
"Short-term borrowings" increased by €44 million compared with December 31, 2013 restated, mainly due to the recognition of a liability in respect of the associate Osage (€34 million) for amounts received from the venturer.

## 45.2.2 Derivative financial liabilities

The following table shows the notional amount and the fair value of derivative financial liabilities, by type of hedge relationship and hedged risk, broken down into current and non-current financial liabilities.

Millions of euro	Non-current					Current				
	Notional amount		Fair value		Change	Notional amount		Fair value		Change
	at Dec. 31, 2014	at Dec. 31, 2013	at Dec. 31, 2014	at Dec. 31, 2013		at Dec. 31, 2014	at Dec. 31, 2013	at Dec. 31, 2014	at Dec. 31, 2013	
<b>Derivative financial liabilities designated as hedging instruments</b>										
<b>Cash flow hedge:</b>										
- on interest rate risk	1,098	664	95	34	61	-	-	-	-	-
- on commodity risk	34	-	1	-	-	33	435	1	2	-
<b>Total</b>	<b>1,132</b>	<b>664</b>	<b>96</b>	<b>34</b>	<b>61</b>	<b>33</b>	<b>435</b>	<b>1</b>	<b>2</b>	<b>(1)</b>
<b>Derivatives at FVTPL:</b>										
- on foreign exchange risk	-	-	-	-	-	594	444	6	2	4
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>594</b>	<b>444</b>	<b>6</b>	<b>2</b>	<b>4</b>
<b>TOTAL DERIVATIVE FINANCIAL LIABILITIES</b>	<b>1,132</b>	<b>664</b>	<b>96</b>	<b>34</b>	<b>61</b>	<b>627</b>	<b>879</b>	<b>7</b>	<b>4</b>	<b>3</b>

For more details on derivative financial liabilities, please see note 47 "Derivatives and hedge accounting".



## 45.2.3 Net gains and losses

The following table shows net gains and losses by category of financial instruments, excluding derivatives:

Millions of euro	Net gains/(losses)	Of which (impairment)/reversal of impairment
	<b>at Dec. 31, 2014</b>	
Loans and receivables	9	(19)
<b>Total financial assets at FVTPL</b>	<b>9</b>	<b>(19)</b>
Financial liabilities measured at amortized cost	(88)	-
<b>Total financial liabilities at FVTPL</b>	<b>(88)</b>	<b>-</b>
<b>TOTAL</b>	<b>(79)</b>	<b>(19)</b>

## 46. Risk management

### 46.1 Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

The Group's senior management oversees the management of these risks, supported by specific risk committees, ensuring that financial risks are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

As part of the governance of risk management, market risks are governed through specific policies set at both the Group level and at the level of individual countries, with special Risk Committees responsible for strategic policy-making and oversight.

The governance arrangements provide for a system of operational limits defined by individual risk type, which are monitored periodically by Risk Control units.

### 46.2 Market risks

Market risk is the risk that changes in macroeconomic variables could have an adverse impact on the expected cash flows or fair value of a financial instrument.

The risks generated by such financial instruments are interest rate risk, foreign exchange risk and commodity risk.

In the course of its business, the Group is exposed to the risk of fluctuations in interest rates, mainly due to the volatility of interest flows associated with floating-rate borrowings, to changes in exchange rates associated with cash flows denominated in currencies other than the currency of account in each country and to changes in commodity prices.

The variability of prices can also impact industrial and commercial policies and strategies. For this reason, the Group's policies for managing financial risks provide for the stabilization of the effects on profit or loss of changes in interest rates, exchange rates and market prices.

This objective is achieved both at the source of the risk, through the strategic diversification of the nature of financial assets and liabilities, and by attenuating the risk level of exposures with over-the-counter (OTC) derivatives entered into on the market and within the Enel Group.

The internal counterparty for derivatives on commodities and energy is primarily Enel Trade SpA, while transactions in derivatives on interest rates and exchange rates are carried out with Enel SpA.

The Group does not enter into derivatives contracts for speculative purposes.

### Interest rate risk

Interest rate risk is the risk that the fair value or expected cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The source of exposure to interest rate risk for the Group, which did not change compared with the previous year, is essentially floating-rate debt, due to the potential impact in terms of increased borrowing costs on profit or loss as a result of a rise in market interest rates.

The twin objectives of reducing the amount of debt exposed to changes in interest rates and of containing borrowing costs are pursued through the diversification and balancing of financial liabilities and by modifying their risk profile using specific OTC derivatives, notably interest rate swaps (IRS).

The term of such contracts does not exceed the maturity of the underlying financial liability, so that any change in the fair value and/or cash flows of such contracts is offset by a corresponding change in the fair value and/or cash flows of the underlying position.

Under the interest rate swaps, the Group agrees with a counterparty to exchange, at specified intervals, the difference between fixed rate and floating-rate interest amounts calculated by reference to an agreed notional amount.

More specifically, floating-to-fixed interest rate swap transform floating-rate financial liabilities into fixed rate liabilities, thereby neutralizing the exposure of cash flows to changes in interest rates.

The following table shows the notional amount of interest rate derivatives at December 31, 2014 and December 31, 2013, broken down by type of contract.

Millions of euro	Notional amount	
	at Dec. 31, 2014	at Dec. 31, 2013 restated
Floating-to-fixed interest rate swaps	1,098	1,094
<b>Total</b>	<b>1,098</b>	<b>1,094</b>

For more details on interest rate derivatives, please see note 47 "Derivatives and hedge accounting".

The amount of floating-rate debt that is not hedged against interest rate risk is the main risk factor that could impact the income statement (raising borrowing costs) in the event of an increase in market interest rates.

At December 31, 2014, 39% of long-term financial debt was floating rate (33% at December 31, 2013 restated) without considering hedging derivatives.

Considering net long-term financial debt, 35% was floating rate (32% at December 31, 2013 restated); that exposure declines to 16% at December 31, 2014 (8% at December 31, 2013 restated) considering effective cash flow hedge derivatives.

These results are in line with the limits set out in the risk management policy.

### Interest rate risk sensitivity analysis

The Group analyzes the sensitivity of its exposure by estimating the effects of a change in interest rates on the portfolio of financial instruments.

More specifically, sensitivity analysis measures the potential impact of market scenarios on equity for cash flow hedge derivatives.

These scenarios are represented by parallel increases and decreases in the yield curve as at the reporting date.

With all other variables held constant, the Group's profit before tax would be affected as follows.

Millions of euro	at Dec. 31, 2014			at Dec. 31, 2013 restated	
	Increase/decrease in basis points	Pre-tax impact on income	Pre-tax impact on equity	Pre-tax impact on income	Pre-tax impact on equity
Cash flow hedges:	+ 25 bp		17		16
	- 25 bp		(17)		(16)

There were no changes compared with the previous period in the methods and assumptions used in the sensitivity analysis.

### Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group operates internationally and is exposed to foreign exchange risk arising in respect of assets, liabilities and expected cash flows denominated in currencies other than the currency of account of each country. The Group's exposure to foreign exchange risk was unchanged with respect to the previous year.

In order to minimize this risk, the Group normally uses a variety of over-the-counter (OTC) derivatives, mainly with Enel SpA, notably currency forwards.

Currency forwards are contracts in which the counterparties agree to exchange principal amounts denominated in different currencies at a specified future date and exchange rate (the strike). Such contracts may call for the actual exchange of the two amounts (deliverable forwards) or payment of the difference between the strike exchange rate and the prevailing exchange rate at maturity (non-deliverable forwards). In the latter case, the strike rate and/or the spot rate may be determined as averages of the official fix-

ings of the European Central Bank.

The term of such contracts does not exceed the maturity of the underlying financial liability, so that any change in the fair value and/or cash flows of such contracts is offset by a corresponding change in the fair value and/or cash flows of the underlying position.

The following table shows the notional amount of transactions outstanding at December 31, 2014 and December 31, 2013 restated, broken down by type of hedge instrument.

Millions of euro	Notional amount	
	at Dec. 31, 2014	at Dec. 31, 2013 restated
Currency forwards	641	457
<b>Total</b>	<b>641</b>	<b>457</b>

For more details, please see note 47 "Derivatives and hedge accounting".

An analysis of the Group's debt shows that 24% of long-term debt (21% at December 31, 2013 restated) is denominated in currency other than the euro.

Considering the portion of debt denominated in the currency of account or the functional currency of the Group company holding the debt position, the proportion of long-term debt not hedged against foreign exchange risk decreases to 1% (1% at December 31, 2013 restated).

These results are in line with the limits set out in the risk management policy.

## Foreign exchange risk sensitivity analysis

The Group analyzes the sensitivity of its exposure by estimating the effects of a change in exchange rates on the portfolio of financial instruments.

More specifically, sensitivity analysis measures the potential impact of market scenarios on profit or loss for derivatives that do not qualify for hedge accounting.

These scenarios are represented by the appreciation/depreciation of the euro against all of the foreign currencies compared with the value observed as at the reporting date.

With all other variables held constant, the Group's profit before tax would be affected as follows.

Millions of euro	at Dec. 31, 2014			at Dec. 31, 2013 restated	
	Increase/Decrease in foreign currencies	Pre-tax impact on income	Pre-tax impact on equity	Pre-tax impact on income	Pre-tax impact on equity
Change in EUR-USD exchange rate	10%	50		(23)	
	-10%	(61)		28	

There were no changes compared with the previous period in the methods and assumptions used in the sensitivity analysis.

## Commodity risk

The Group is exposed to the risk of fluctuations in the price of commodities associated with the sale of electricity at variable prices (indexed bilateral contracts and spot electricity sales).

To contain this exposure, Group companies use fixed-price contracts in the form of bilateral physical contracts, long-term contracts and financial contracts (e.g. contracts for dif-

ferences), in which, for the latter, differences are paid to the counterparty if the market electricity price exceeds the strike price and to the Group companies in the opposite case. The Group enters into these two-way contracts for differences primarily with Enel Trade SpA.

The residual exposure mainly derives from uncertainty regarding volumes of production, which are uncertain due to the natural variability of generation from renewable resources and to possible or temporary plant unavailability.

The commodity risk management processes established at the Group level are designed to constantly monitor developments in risk over time and to determine whether the



risk levels, as observed for specific analytical dimensions, comply with the thresholds consistent with the risk appetite established by top management. These operations are conducted within the framework of formal governance rules that establish strict risk limits. Compliance with the limits is verified by units that are independent of those undertaking

the transactions. Positions are monitored monthly, assessing the Profit-at-Risk, in the case of industrial portfolios.

The following table shows the notional amount of transactions outstanding at December 31, 2014 and December 31, 2013 restated, broken down by type of instrument.

Millions of euro	Notional amount	
	at Dec. 31, 2014	at Dec. 31, 2013 restated
Swaps and CFD	505	483
<b>Total</b>	<b>505</b>	<b>483</b>

For more details, please see note 47 "Derivatives and hedge accounting".

## Sensitivity analysis of commodity risk

The following table presents the results of the analysis of sensitivity to a reasonably possible change in prices, with all other variables held constant.

Millions of euro	Increase/Decrease in commodity prices	at Dec. 31, 2014		at Dec. 31, 2013 restated	
		Pre-tax impact on income	Pre-tax impact on equity	Pre-tax impact on income	Pre-tax impact on equity
Swaps	10%		(23)		(18)
	-10%		43		20

## 46.3 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or commercial contract, leading to a financial loss.

The Group is exposed to credit risk from its operating and financial activities, including derivatives, deposits with banks and financial institutions.

Unexpected changes in the creditworthiness of a counterparty have an effect on the creditor position, in terms of the risk of insolvency (default risk) of that counterparty.

In order to minimize credit risk, the Group has adopted a specific management policy and procedures that provide for measuring the creditworthiness of counterparties – based on information provided by outside sources and internal valuation models – and the continuous, structured monitoring of risk exposures, in order to quickly identify instances of deteriorating credit quality.

Finally, in addition to maintaining an appropriately diversi-

fied customer portfolio, the Group obtains bank guarantees and/or makes use of factoring in order to mitigate its exposure to credit risk.

### Concentration of customer credit risk

Concentration of credit risk is managed and minimized by a business strategy with several diversification criteria, such as "geographic area" (business in different countries) and "customer type" (corporate, government entities and financial institutions).

At December 31, 2014, 20 customers accounted for about 77% (83% at December 31, 2013 restated) of the total exposure of trade receivables in respect of non-Group counterparties.

The following table reports the ageing of receivables, with an indication of any impairment loss.

Millions of euro

at Dec. 31, 2014

	Non-Group counterparties	of which government entities
<b>Impaired</b>	<b>(16)</b>	<b>-</b>
<b>Not past due and not impaired</b>	<b>218</b>	<b>44</b>
<b>Past due but not impaired</b>	<b>71</b>	<b>33</b>
- less than 3 months	38	22
- from 3 months to 6 months	9	7
- from 6 months to 12 months	4	2
- from 12 months to 24 months	13	1
- more than 24 months	7	1
<b>Total</b>	<b>273</b>	<b>77</b>

## 46.4 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Enel Green Power Group's existing policies for controlling and managing liquidity risk guarantee that there will be sufficient liquidity to cover expected commitments over a specific time horizon without the use of additional financing, as well as the assurance that a sufficient liquidity buffer will be maintained to cover any unexpected obligations.

The Enel Green Power Group has access, either indirectly through Enel SpA or directly through Enel Green Power In-

ternational BV, to the Enel Group's centralized treasury function allowing it to readily access the monetary and capital markets and to promptly manage any excess liquidity.

To guarantee support for the Group companies development plans, it turned to a variety of funding sources among related parties (which covered about 45% of the debt) as well as non-Group sources (about 55%) that are balanced and diversified in terms of type of funding and maturity dates.

The Company has the following undrawn borrowing facilities.

Millions of euro

	at Dec. 31, 2014		at Dec. 31, 2013 restated	
	Expiring within one year	Expiring beyond one year	Expiring within one year	Expiring beyond one year
Committed credit lines	2,234	520	2,405	1,019
Uncommitted credit lines	24	-	-	-
<b>Total</b>	<b>2,258</b>	<b>520</b>	<b>2,405</b>	<b>1,019</b>

## Maturity analysis

The table below summarizes the maturity profile of the Group's financial liabilities and derivatives based on undiscounted contractual payments.

Millions of euro

	Maturing in				
	Less than 3 months	From 3 months to 1 year	From 1 to 2 years	From 2 to 5 years	More than 5 years
<b>Bank borrowings:</b>					
- fixed rate	3	15	59	273	254
- floating rate	27	162	348	635	1,142
<b>Total</b>	<b>30</b>	<b>177</b>	<b>407</b>	<b>908</b>	<b>1,396</b>
<b>Non-bank borrowings:</b>					
- fixed rate	31	90	184	153	2,821
- floating rate	834	26	35	36	95
<b>Total</b>	<b>865</b>	<b>116</b>	<b>219</b>	<b>189</b>	<b>2,916</b>
<b>TOTAL</b>	<b>895</b>	<b>293</b>	<b>626</b>	<b>1,097</b>	<b>4,312</b>

## 47. Derivatives and hedge accounting

### 47.1 Hedge accounting

Derivatives are initially recognized at fair value, at the trade date of the contract, and are subsequently re-measured at fair value.

The method for recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged. Hedge accounting is applied to derivatives entered into in order to reduce risks such as interest rate risk, exchange rate risk, commodity risk, credit risk and equity risk when all the criteria provided for under IAS 39 are met.

At the inception of the transaction, the Group documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy. The Group also analyzes, both at hedge inception and on an ongoing systematic basis, the effectiveness of hedges using prospective and retrospective tests in order to determine whether hedging instruments are highly effective in offsetting changes in the fair values or cash flows of hedged items.

Depending on the nature of the risks to which it is exposed, the Company designates derivatives as hedging instruments in one of the following hedge relationships.

- > cash flow hedge derivatives in respect of the risk of: i) changes in the cash flows associated with long-term floating-rate debt; ii) changes in the exchange rates associated with long-term debt denominated in a currency other than the currency of account or the functional currency in which the company holding the financial liability operates; iii) changes in the price of fuels denominated in a foreign currency; iv) changes in the price of forecast electricity sales at variable prices; and v) changes in the price of transactions in coal and petroleum commodities;
- > fair value hedge derivatives involving the hedging of exposures to changes in the fair value of an asset, a liability or a firm commitment attributable to a specific risk;
- > derivatives hedging a net investment in a foreign operation (NIFO), involving the hedging of exposures to exchange rate volatility associated with investments in foreign entities.

For more details on the nature and the extent of risks arising from financial instruments to which the Company is exposed, please see note 46 "Risk management".

#### Cash flow hedges

Cash flow hedges are used in order to hedge the Group's exposure to changes in future cash flows that are attributable to a particular risk associated with an asset, a liability or a highly probable transaction that could affect profit or loss. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Amounts accumulated in equity are reclassified to profit or loss in the period when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

The Group currently uses these hedge relationships to minimize the volatility of profit or loss, adopting interest rate swaps. Fair value hedges and hedges of a net investment in a foreign operation (NIFO) are not currently used.

The following table shows the notional amount and the fair value of hedging derivatives classified on the basis of the type of hedge relationship.

The notional amount of a derivative contract is the amount on the basis of which cash flows are exchanged. This amount can be expressed as a value or a quantity (for example tons, converted into euros by multiplying the notional amount by the agreed price). Amounts denominated in currencies other than the euro are converted at the end-year exchange rates provided by the European Central Bank.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2014	at Dec. 31, 2013	at Dec. 31, 2014	at Dec. 31, 2013	at Dec. 31, 2014	at Dec. 31, 2013	at Dec. 31, 2014	at Dec. 31, 2013
<b>Derivatives</b>								
<b>Cash flow hedges:</b>								
- on interest rate risk	-	430	-	7	1,098	664	95	34
- on commodity risk	438	48	25	9	67	435	2	2
<b>Total</b>	<b>438</b>	<b>478</b>	<b>25</b>	<b>16</b>	<b>1,165</b>	<b>1,099</b>	<b>97</b>	<b>36</b>

For more on the classification of hedging derivatives as non-current or current assets and non-current or current liabilities, please see note 45 "Financial instruments".

## Hedge relationships by type of risk hedged

At December 31, 2014, the Group had cash flow hedge positions, where the main hedge instruments were interest rate swaps designed to hedge the future cash flows associated with long-term borrowings exposed to changes in interest rates. This exposure is the main risk factor owing to its potentially adverse impact on profit or loss. At December 31,

2014 the notional amount of derivatives classified as cash flow hedges amounted to €1,603 million, with a negative fair value of €97 million and a positive fair value of €25 million.

### 47.1.1 Interest rate risk

The following table shows the notional amount and the fair value of the hedging instruments on interest rate risk of transactions outstanding as at December 31, 2014 and December 31, 2013, broken down by type of hedged item.

Millions of euro	Hedging instrument	Hedged item	Fair value		Notional amount	
			at Dec. 31, 2014	at Dec. 31, 2013	at Dec. 31, 2014	at Dec. 31, 2013
	Interest rate swaps	Floating rate bank borrowings	95	27	1,098	1,094
	<b>Total</b>		<b>95</b>	<b>27</b>	<b>1,098</b>	<b>1,094</b>

The notional amount of cash flow hedge derivatives is €1,098 million. The change with respect to the notional at December 31, 2013 is attributable to new cash flow hedges established during 2014 and a natural decline in the amortization of the outstanding interest rate swaps. At December 31, 2014, the fair value of €95 million showed a deterioration of €68 million, mainly due to the general decline in the yield curve.

The following table shows the notional amount and the fair value of hedging derivatives on interest rate risk as at December 31, 2014 and December 31, 2013, broken down by type of hedge.

Millions of euro	Notional amount		Fair value asset		Notional amount		Fair value liabilities	
	at Dec. 31, 2014	at Dec. 31, 2013	at Dec. 31, 2014	at Dec. 31, 2013	at Dec. 31, 2014	at Dec. 31, 2013	at Dec. 31, 2014	at Dec. 31, 2013
<b>Derivatives</b>								
<b>Cash flow hedges</b>								
Interest rate swaps	-	430	-	7	1,098	664	95	34
<b>Total interest rate derivatives</b>	<b>-</b>	<b>430</b>	<b>-</b>	<b>7</b>	<b>1,098</b>	<b>664</b>	<b>95</b>	<b>34</b>

## Fair value hedge derivatives

The Group currently does not use such hedge relationships.

## Cash flow hedge derivatives

The following table shows the cash flows expected in coming years from cash flow hedge derivatives on interest rate risk.

Millions of euro	Fair value	Distribution of expected cash flows					
	at Dec. 31, 2014	2015	2016	2017	2018	2019	Beyond
<b>CFH on interest rates</b>							
Positive fair value	-	-	-	-	-	-	-
Negative fair value	95	23	20	16	13	19	10

The pre-tax impact of cash flow hedge derivatives on interest rate risk on equity amounted to €62 million during the period.

### 47.1.2 Commodity risk

The following table shows the notional amount and the fair value of derivative contracts hedging commodity risk at December 31, 2014 and December 31, 2013, broken down by type of hedging relationship.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2014	at Dec. 31, 2013	at Dec. 31, 2014	at Dec. 31, 2013	at Dec. 31, 2014	at Dec. 31, 2013	at Dec. 31, 2014	at Dec. 31, 2013
<b>Derivatives</b>								
Swaps	438	48	25	9	67	435	2	2
<b>Total derivatives on power</b>	<b>438</b>	<b>48</b>	<b>25</b>	<b>9</b>	<b>67</b>	<b>435</b>	<b>2</b>	<b>2</b>

## Cash flow hedge derivatives

The following table shows the cash flows expected in coming years from cash flow hedge derivatives on commodity risk.

Millions of euro	Fair value	Distribution of expected cash flows					
	at Dec. 31, 2014	2015	2016	2017	2018	2019	Beyond
Positive fair value	25	23	2	-	-	-	-
Negative fair value	2	1	1	-	-	-	-

The impact of cash flow hedge derivatives on commodity risk on equity amounted to €16 million during the period.

## 47.2 Derivatives at fair value through profit or loss

The following table shows the notional amount and the fair value of derivatives at FVTPL as at December 31, 2014 and December 31, 2013 for each type of risk.

Millions of euro

	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2014	at Dec. 31, 2013	at Dec. 31, 2014	at Dec. 31, 2013	at Dec. 31, 2014	at Dec. 31, 2013	at Dec. 31, 2014	at Dec. 31, 2013
<b>Derivatives at FVTPL</b>								
<b>On foreign exchange risk:</b>								
- currency forwards	47	13	-	-	594	444	6	2
<b>Total</b>	<b>47</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>594</b>	<b>444</b>	<b>6</b>	<b>2</b>

## 48. Related parties

Related parties are identified on the basis of the international accounting standards and the procedure governing transactions with related parties approved on December 1, 2010 by the Board of Directors of Enel Green Power SpA after having obtained the opinion of the Internal Control Committee on November 23, 2010.

The procedure (which can be found at [http://www.enelgreenpower.com/it-IT/company/governance/related\\_parties/](http://www.enelgreenpower.com/it-IT/company/governance/related_parties/)) sets out a series of rules designed to ensure the transparency and procedural and substantive propriety of transactions with related parties and was adopted in implementation of the provisions of Article 2391-*bis* of the Italian Civil Code and the implementing rules established by CONSOB.

All transactions with related parties are carried out on normal market terms and conditions. More specifically, in 2014 transactions with related parties regarded, among others:

- > the management of exposures to changes in interest rates and exchange rates;
- > the provision of professional and other services;
- > the management of shared services;
- > transactions in electricity;
- > transactions in green and white certificates.

In addition, during the year Enel Green Power opted to participate in the consolidated taxation mechanism of its controlling shareholder, Enel SpA.

Under the provisions of the uniform tax code (Presidential Decree 917/1986, Article 117 *et seq.*) concerning the consolidated taxation mechanism, that mechanism was still in effect for Enel Green Power SpA and Enel Green Power Partecipazioni Speciali Srl, as those companies had already renewed participation for 2013-2015 and 2012-2014 respectively.

During 2014, a number of transactions with related parties that qualified as ordinary transactions of "greater importance" with a related party were carried out by Enel Green Power SpA directly or through a subsidiary.

These transactions qualify for the exemption referred to in Article 13.3(c) of the "Regulation governing transactions with related parties" adopted by CONSOB with Resolution no. 17221 of March 12, 2010, as amended ("Related Parties Regulation") and the related procedure adopted by Enel Green Power SpA in implementation of the regulation. As such, those transactions are not subject to the publication requirements provided for transactions of greater importance with related parties under Article 5, paragraphs 1 to 7, of the Related Parties Regulation. Those transactions were in any case notified specifically to CONSOB in accordance with Article 13.3(c).

The following provides a summary of the main features of the transactions.



*Transaction party:* Enel Green Power SpA.

*Transaction counterparty:* Enel Trade SpA.

*Nature of relationship:* company subject to the common control of Enel SpA.

*Nature of the transaction:* three framework agreements for the sale of electricity for 2015, 2016 and 2017 to be implemented through bilateral physical contracts, as well as three two-way contracts for differences for the reciprocal hedging of the risk of fluctuations in electricity prices in the same years, to be implemented through bilateral financial contracts.

*Value of the transaction:* a maximum of €1,400 million and €1,830 million for the two classes of contract, respectively, for 2015, 2016 and 2017.

*Transaction party:* Enel Green Power SpA.

*Transaction counterparty:* Enel Finance International NV.

*Nature of relationship:* company subject to the common control of Enel SpA.

*Nature and value of the transaction:* a long-term loan facility agreement in the amount of €500 million. The terms of the agreement are in line with those available on the debt market with the leading financial counterparties available. The draw period for the funds expired without any drawings being made by Enel Green Power SpA, which paid the commitment fees for making the funds available during that period.

*Transaction party:* Enel Green Power SpA.

*Transaction counterparty:* Enel Finance International NV.

*Nature of relationship:* company subject to the common control of Enel SpA.

*Nature and value of the transaction:* a short-term intercompany revolving facility agreement in the amount of €500 million. The terms of the agreement are in line with those available on the debt market with the leading financial counterparties available.

Millions of euro

**Related parties**

	Enel SpA	Enel Italia Srl	Enel Produzione SpA	Enel Trade SpA	Enel Finance Internatio- nal NV	Enel Lease Eurl	Enel.Factor SpA	GSE SpA	GME SpA
<b>Balance sheet</b>									
Trade receivables	1	2	111	15	-	-	-	18	-
Other current assets	7	-	-	2	-	-	-	102	-
Current financial assets and derivatives	10	-	-	11	202	-	-	-	-
Trade payables	9	32	35	-	-	-	19	1	-
Other current liabilities	2	-	-	3	3	-	-	-	-
Current financial liabilities and derivatives	22	-	-	-	42	-	-	-	-
Long-term borrowings	-	-	-	-	2,455	-	-	-	-
Short-term borrowings	126	-	-	-	672	-	-	-	-
<b>Income statement</b>									
Revenue from sales and services	-	-	-	191	-	-	-	61	540
Other revenue	-	-	-	-	-	-	-	353	-
Purchases of electricity, fuels and gas	-	-	2	-	-	-	-	1	4
Services and other materials	22	31	7	-	-	-	-	2	11
Net income/(expense) from commodity contracts measured at fair value	-	-	-	74	-	-	-	-	-
Net financial income/(expense) from derivatives	(22)	-	-	-	2	-	-	-	-
Net other financial income/(expense)	(13)	-	-	-	(180)	(3)	-	-	-

*Transaction party:* Enel Green Power Chile Ltda, a wholly-owned subsidiary of Enel Green Power SpA.

*Transaction counterparty:* Empresa Nacional de Electricidad SA.

*Nature of relationship:* company subject to the common control of Enel SpA.

*Nature of the transaction:* sale to Empresa Nacional de Electricidad SA in the period from June 1, 2015 to December 1, 2015 of electricity generated by new plants built during the period as well as green certificates associated with the electricity generated by those plants.

*Value of the transaction:* an estimated \$2,300 million.

*Transaction party:* Enel Green Power International BV, a wholly-owned subsidiary of Enel Green Power SpA.

*Transaction counterparty:* Enel Finance International NV.

*Nature of relationship:* company subject to the common control of Enel SpA.

*Nature and value of the transaction:* renewal of a short-term financing agreement of €1.2 billion. The terms and conditions of the renewal are in line with those obtainable on the debt market with banks for loans of the same amount and maturity as the contract involved in this transaction.

*Transaction party:* Enel Green Power SpA.

*Transaction counterparty:* Enel Finance International NV.

*Nature of relationship:* company subject to the common control of Enel SpA.

*Nature and value of the transaction:* renewal of a short-term financing agreement of €500 million. The terms and conditions of the renewal are in line with those obtainable on the debt market with banks for loans of the same amount and maturity as the contract involved in this transaction.

The following table summarizes the relationships between the Group and its related parties for 2014.

Related parties											Total	Total	
Terna SpA	3SUN Srl	Enel Distribuzione SpA	Enel Ingegneria e Ricerca SpA	Endesa SA	Enel Energia SpA	Enel Energie Muntenia SA	Enel Energie SA	Other	Total	sheet item	% of total		
-	-	1	-	-	-	2	1	34	185	440	42%		
-	4	-	-	-	-	-	-	14	129	494	26%		
-	-	-	-	-	-	-	-	13	236	426	55%		
-	-	-	4	2	16	-	-	11	129	888	15%		
-	-	-	-	1	-	-	-	2	11	403	3%		
-	-	-	-	-	-	-	-	-	64	82	78%		
-	-	-	-	-	-	-	-	-	2,455	6,358	39%		
-	-	-	-	-	-	-	-	34	832	865	96%		
2	-	-	-	-	-	23	20	30	867	2,148	40%		
-	-	-	-	-	-	-	-	-	353	772	46%		
21	-	-	-	-	10	-	-	1	39	291	13%		
4	51	-	1	1	-	-	1	8	139	489	28%		
-	-	-	-	-	-	-	-	2	76	76	100%		
-	-	-	-	-	-	-	-	1	(19)	(21)	90%		
-	1	-	-	-	-	-	-	21	(174)	(236)	74%		

## The Parent Company Enel SpA

Transactions with Enel SpA mainly regard i) the centralization with the Parent of a number of support functions concerning legal services, personnel, corporate matters, and administration, planning and control activities regarding Enel Green Power; and ii) the management and coordination services performed by Enel SpA with regard to Enel Green Power.

- > Enel Ingegneria e Ricerca SpA: consulting and technical management of projects involving the construction of new plants performed by Enel Ingegneria e Ricerca SpA for Enel Green Power SpA and Group companies;
- > Enel Finance International NV: granting of financing to Enel Green Power SpA and Group companies;
- > companies in the Endesa subgroup: management of administrative services, software and hardware and transactions in electricity with the Enel Green Power España subgroup.

## Related parties within the Enel Group

The most significant transactions with the subsidiaries of Enel SpA regard:

- > Enel Trade SpA: sale of electricity and green certificates by Enel Green Power SpA to Enel Trade SpA and management of commodity risk by Enel Trade SpA for the Enel Green Power Group companies;
- > Enel Produzione SpA: sale of electricity by Enel Green Power SpA to Enel Produzione SpA and provision of remote operation services for hydroelectric and wind plants, maintenance of dam safety and maintenance of hydroelectric plants by Enel Produzione SpA for Enel Green Power SpA;
- > Enel Italia Srl (formerly Enel Servizi Srl): management of purchasing services, facility services, administrative services, catering services and motor pool services by Enel Servizi Srl for Enel Green Power SpA;

## Related parties outside the Enel Group

As a business operating in the generation of electricity from renewable resources Enel Green Power sells electricity to and uses distribution and transport services provided by a number of companies controlled by the Italian government (a shareholder of Enel SpA).

Transactions with companies held or controlled by the government primarily include:

- > Gestore dei Mercati Energetici SpA;
- > Gestore dei Servizi Energetici SpA;
- > Acquirente Unico SpA;
- > Terna SpA.

For more information on the remuneration of key management personnel, please see the Report on Remuneration published on the Company's website ([www.enelgreenpower.com](http://www.enelgreenpower.com)), in the "Governance" section).

## 49. Other contractual commitments and guarantees

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013 restated	Change
<b>Guarantees given:</b>			
- sureties and other guarantees granted to third parties	1,082	1,439	(357)
<b>Commitments to suppliers for:</b>			
- various supplies	1,170	1,733	(563)
<b>Total</b>	<b>2,252</b>	<b>3,172</b>	<b>(920)</b>

The Group has a commitment with Vestas Italia Srl which provides for Vestas to supply, transport, install and maintain wind turbines with a total capacity of 268 MW in the various countries in which the Group operates in the period from 2011 to 2015. Enel Green Power has an option to increase

the capacity by an additional 700 MW in the same period. In addition, Enel Green Power SpA has outstanding guarantees associated with its debt in the amount of €3.9 billion, as discussed in the section "Borrowings".

## 50. Contingent liabilities and assets

### LaGeo arbitration

In October 2008, Enel Produzione (succeeded by Enel Green Power following the spin-off) undertook arbitration action, in accordance with the rules of the International Chamber of Commerce in Paris, against Comisión Ejecutiva Hidroeléctrica del Río Lempa ("CEL"), wholly owned by the Republic of El Salvador, and Inversiones Energéticas SA de Cv ("INE"), wholly owned by CEL, for breach of a number of provisions of the shareholders' agreement between Enel Produzione and INE of June 4, 2002, regarding the management of LaGeo, which operated in the geothermal industry.

More specifically, the shareholders' agreement, which was entered into on the occasion of the reform of the electricity

sector in El Salvador, gave Enel Produzione (now Enel Green Power) the right to finance the investments of LaGeo, treating those payments as capital increases. The agreement also required LaGeo to distribute all its net income.

After complying with the agreement during the initial phase of construction of the geothermal plants in El Salvador, bringing Enel Produzione's (now Enel Green Power's) stake in LaGeo to 36.20%, LaGeo no longer allowed Enel Produzione (now Enel Green Power) to finance the investments approved and, consequently, to subscribe any further capital increases.

Enel Produzione (now Enel Green Power) therefore asked the arbitration board to order INE and CEL (i) to perform the specific obligations provided for under the sharehold-



ers' agreement, with distribution of net income as dividends and allowing it to finance the investments in LaGeo and subscribe the corresponding capital increase, and to pay damages of \$30 million plus interest, duties and legal costs or, alternatively, (ii) pay total damages of \$264.2 million plus interest, duties and legal costs.

INE joined the proceedings, asking that CEL be excluded and requesting damages from Enel Green Power totaling \$100.3 million for alleged losses caused by the poor execution of the works carried out up to the date of the request on the investments financed by the Enel Group to that date.

The arbitration board then ruled on the dispute, issuing its decision on July 5, 2011. The ruling recognized Enel Green Power's right to finance the investments of LaGeo, capitalizing the amounts paid. As a result, the arbitration board ordered INE to ensure that within 30 days of the notification of the decision Enel Green Power is able to participate in a capital increase of the company, subscribing about 9 million shares with a value of about \$127 million. Following the decision, Enel Green Power should have held 53% of the company.

The arbitration board also ordered INE to allow LaGeo to distribute profits earned in 2008 and 2009 and dismissed in its entirety the claim for damages lodged against Enel Green Power.

INE appealed the ruling before the Paris Court of Appeals, which on January 8, 2013 upheld the ruling of the arbitration board.

CEL filed an appeal with the French Court of Cassation (Supreme Court of Appeal) of the decision of the Paris Court of Appeals, which on January 8, 2013, upheld the arbitration ruling.

On September 16, 2014, the Court of Cassation denied CEL's appeal and upheld the ruling of the Paris Court of Appeals of January 8, 2013, which had in turn upheld the arbitration ruling.

In parallel, press reports indicated that a Salvadoran lawyer (probably with links to the party of the President of the Republic, Mauricio Funes) had submitted a petition to void the shareholders' agreement with the Supreme Court of El Salvador. Enel Green Power was not notified of the action, only CEL. Enel Green Power sought to be admitted as a party to the proceeding, reserving the right to seek damages on the basis of the warranties provided by the counterparty at the time the shareholders' agreement was executed.

In July 2013, the Salvadoran parliament passed a law approving the withdrawal of El Salvador from the Washington Convention of 1965, which allowed foreign investors to bring claims against a State before the International Center for Settlement of Investment Disputes (ICSID). Before that law was enacted, Enel Green Power had initiated a proceeding before the ICSID to preserve its rights against the interference of the Salvadoran government in Enel Green Power's relations with CEL.

Pending the new arbitration proceeding, in November 2013, after multiple press reports, the attorney general of El Salvador filed the findings of an investigation into the events that led to the acquisition of LaGeo by the Enel Group in 2002. Once the enquiry was closed, the attorney general called a hearing for numerous public officials who had had a role in the formation of LaGeo and the sale of interests in the company. Two former employees of Enel Green Power and the lawyer who handled the transaction for Enel Green Power were among those under investigation.

The summons also regarded Enel Green Power El Salvador. The proceedings undertaken by the attorney general's office appear to be founded on charges of corruption in which the public officials are accused of committing a number of violations of the laws of El Salvador from which Enel Green Power is alleged to have benefited.

In point of fact, all of the events cited by the attorney general had already been examined during the international arbitration proceeding carried out in accordance with the rules of the International Chamber of Commerce in Paris. The arbitration board had found i) that the case presented by CEL (and now taken up by the attorney general's office) was unfounded and ii) upheld Enel Green Power's position. In addition, the attorney general also charged that other laws were violated with the granting of the geothermal concessions by way of an administrative instrument rather than by law. However, the decision to permit the granting of these concessions by law only was based on a ruling of the Constitutional Court issued only in 2013. In any event, the "operational" concessions of LaGeo were issued with a law. The judge in the first phase of the proceedings did not find any certain or grave violations and therefore rejected the attorney general's request for precautionary measures. The attorney general of El Salvador then appealed the ruling of the judge in the first phase of the proceedings, who had rejected the attorney general's request for precaution-

ary measures in the criminal proceeding for corruption. In April 2014 the appeals court granted the petition, allowing precautionary measures to be taken in the preliminary phase although those measures were to be commensurate with the evidence available at the time the seizure measures are issued. The appeals court established that the seizure of assets of the parties in the civil proceedings should be effected within the limits of the claims made in the civil proceedings. The appeals court underscored the need to notify Enel Green Power for the measures to be valid.

In the view of Enel Green Power, the court hearing the case at the request of the attorney general exceeded the limits imposed by the appeals court, ordering the precautionary measures – announced first in the local press – without notifying Enel Green Power and permitting the seizure of assets of Enel Green Power El Salvador SA de Cv and Enel Green Power SpA in the amount of €687 million each. That decision was taken without allowing Enel Green Power to submit its defense and despite the fact that the employees under investigation were subject to a seizure order of only \$8 million. In addition, the amount of the seizure has no connection with the value of LaGeo or the alleged losses caused to the Salvadoran system.

Enel Green Power, in view of the illegitimacy of the new measures and the clearly hostile strategy of the country's authorities against its investments, asked the arbitration board of the ICSID – as part of the proceedings begun in September 2013 – to suspend the jurisdiction of El Salvador in the case. On December 7, 2014, Enel Green Power and the Republic of El Salvador signed a framework agreement to settle the multiple disputes concerning Enel Green Power's investments in LaGeo.

Under the provisions of the accord, in December 2014, following the revocation of the seizure of Enel Green Power's assets in El Salvador, Enel Green Power sold its entire stake in LaGeo (equal to 36.2%) to INE for about \$280 million.

The full effectiveness of the final settlement of the dispute with the Republic of El Salvador and the termination of the ICSID arbitration proceeding are subject to a number of specific conditions (termination of the pending local litigation against Enel Green Power and its representatives) to be verified in the next 6 months. Pending final resolution, the ICSID proceeding has been suspended.

## Dispute between Energia XXI Energias Renováveis e Consultoria Limitada and Enel Green Power España

In 1999 Energia XXI filed for arbitration against MADE (now Enel Green Power España) for alleged losses incurred due to the early termination of an agency contract for the sale of wind generators and wind farms of Enel Green Power España in Portugal and Brazil. With its ruling of November 21, 2000, the arbitration board found that the termination of the contract by MADE was illegitimate and ordered it to pay: (i) legal costs; (ii) the fixed portion of the monthly fee for the period from July 21, 1999 (date of termination of contract) to October 9, 2000 (expiration date of the contract), equal to about €50,000; (iii) as well as lost profits in to be determined respect of contracts for at least 15 MW of capacity. Following the arbitration ruling, two civil court cases began. The first appeal was lodged by MADE with the *Tribunal Judicial de Primera Instancia* asking for the arbitration ruling to be voided. The case is still pending with the court of first instance following referral by the Court of Appeal (subsequently confirmed by the Supreme Court of Appeal on September 26, 2013), which granted Enel Green Power España's appeal of the admission of briefs.

The second appeal was lodged by Energia XXI on May 9, 2006, with the Civil Court of Lisbon, with which Energia XXI asked for Enel Green Power España to be ordered to pay the amount determined in the arbitration ruling (the losses for which Energia XXI now puts at €546 million). Enel Green Power España considers the claim to be unfounded. Acting on a petition by Enel Green Power España, the court has so far suspended the case pending resolution of the first suit.



## Dispute concerning Enel Green Power España wind farms in Spain

The licenses for the wind farms of Valdesamario and Peña del Gato as well as those for the Villameca high-voltage power line and SET Ponjos substations at Villameca have been challenged by the SEO environmental organization.

On October 25, 2012, the judge of the court of first instance granted the SEO petition regarding the SET substations at Villameca, voiding the license issued by *Comunidad Autónoma* Castilla y León. The ruling of the court of first instance was overturned by the Court of Appeals on September 29, 2014.

On September 30, 2013, the court of first instance granted SEO's petition to void the license issued by the *Comunidad Autónoma* Castilla y León for the Peña del Gato wind farm. Enel Green Power España lodged an appeal of the court's decision with Supreme Court. The ruling of the court of first instance is not enforceable pending the outcome of the appeal.

Finally, as regards the Valdesamario wind farm, the court of first instance has issued two rulings. The first, on April 9, 2013, voided the building permit issued by the city. Enel Green Power España immediately appealed the ruling and the appeal proceedings are still under way. The second, on March 21, 2014, voided the license issued by *Comunidad Autónoma* Castilla y León. The appeal of that decision is also pending before the Supreme Court. Neither ruling is enforceable pending the outcome of the appeal.

## Enel Green Power España vs Ministry of Energy and Tourism

On July 4, 2014, Enel Green Power España filed an appeal with the Superior Court of Madrid against the measure with which the Ministry of Industry, Energy and Tourism had excluded the wind plants of Angosturas and Madroñales from the register (the *pre-registro de asignación de retribución*) that enables registered companies to obtain increased subsidies for electricity generation.

The case is in the final phase, as the parties are scheduled to present their final arguments in February.

## Enelpower do Brasil

Enelpower do Brasil is currently involved in litigation concerning the PIS/COFINS taxes for a total amount of about R\$54 million Brazilian (about €16.2 million), with a present value including interest and penalties of about R\$71.3 million (about €21.4 million).

Enelpower do Brasil appealed the tax assessment, obtaining a provisional reduction of the taxes. The second-level administrative court issued a ruling in June 2013, published on October 1, 2013, confirming the reduction of the tax liability to R\$23 million (about €6.9 million), with a present value of about R\$32.6 million (about €9.8 million).

In summary, the ruling provides for:

1. as regards the PIS: the definitive voidance of the amount due of about R\$12.7 million in present value (about €3.8 million);
2. as regards the COFINS:
  - a) the non-enforceability, under the statute of limitations, of about R\$28 million in present value (about €9 million), regarding the months 02/2003, 03/2003, 04/2003, 06/2003 and 08/2003;
  - b) the enforceability of about R\$32.6 million in present value (about €9.8 million), of which about R\$9.8 million (€2.9 million) in principal and about R\$22.8 million (about €6.8 million) in interest and penalties, for the months 01/2003, 05/2003, 07/2003, 09/2003, 10/2003, 11/2003 and 12/2003.

At the end of 2013, Brazil's federal government enacted Law 12865/2013 extending the tax amnesty provided for under Law 1194/2009 (REFIS IV) for federal tax liabilities accrued before November 2008. Both the PIS and COFINS represent federal tax liabilities.

The amnesty provides for: (i) a reduction of interest and penalties; (ii) the offsetting of such interest and penalties against prior-year tax losses and (iii) payment of principal amounts in 180 monthly instalments interest free.

For prudential reasons only, Enelpower Do Brasil took advantage of the extension of the amnesty under Law 1194/2009 for the amounts indicated in point 2 b) above, obtaining a reduction in interest and penalties from about R\$22.8 million (about €6.8 million) to about R\$14.7 million (about €4.4 million), an amount that was set off against prior-year tax losses of the company, and paid an initial instalment of about R\$54.4 thousand (about €16.3 thousand) calculated on the principal amount only of about R\$9.8 million (about €2.9 million). The total charge was therefore equal to about €2.9 million, recognized in full in 2013.

As regards the amounts in point 2 a) above, which represent the present value of the dispute, equal to about R\$28 million (about €9 million), Enelpower do Brasil did not participate in the amnesty as the risk of an unfavorable ruling is considered remote.

## Ministério Público do Estado de Mato Grosso vs Primavera Energia SA

On January 18, 2011 the public prosecutor of Mato Grosso filed a civil suit against Primavera Energia SA (an Enel Green Power Group company), alleging that the company had caused environmental damage due to the failure to take appropriate measures to safeguard the fauna in the river from which the Primavera Energia hydroelectric plant draws water.

The prosecutor requested an unusual order ("*tutela antecipada*") for the immediate construction of a system to safeguard the fish, consisting in the construction of hydraulic works or a similar mechanism to allow the fish to pass the dam of the hydroelectric plant and ensure their survival.

On February 1, 2011, the court ruled that no urgent relief could be granted without hearing the two parties to the dispute.

After the hearing, in accepting the pleas submitted by Primavera Energia, the case was submitted to the Federal Court, which issued a ruling on January 16, 2013, denying the request for an urgent order to build a fish ladder.

Following a petition by the prosecutor, the Federal Court also involved Brazil's federal government.

On May 22, 2014, the Federal Court invited the parties to reach a settlement or ask for a mediation hearing. Primavera Energia therefore submitted a petition asking the Brazilian federal government to propose a settlement agreement.

## T&M Brasil Participações Ltda arbitration

In February 2014, T&M Participações Ltda submitted a request for arbitration with the Camera FGV de Conciliação e Arbitragem against Enel Green Power Cristal Eólica SA Enel Green Power Primavera Eólica SA and Enel Green Power São

Judas Eólica SA. The request regards the contract for the construction and supply of materials and civil works for the Cristal wind farm entered into on September 21, 2012.

More specifically, T&M Participações Ltda claims (i) damages and payment of costs for extraordinary expenses incurred following the alleged illegitimate termination of the contract; (ii) payment of the works carried out but not yet paid and restitution of security deposits; and (iii) payment of losses incurred following modification of the orders covered by the contract. The overall amount claimed by T&M Participações Ltda is equal to about R\$20 million (about €6.5 million).

The defendants filed a counterclaim against T&M Participações Ltda and its Parent Company in the amount of about R\$30 million (about €10 million) for various breaches of contract. On September 29, 2014, the arbitration board denied a request to extend the cross examination against the Parent Company of T&M Participações Ltda.

On January 1, 2015, T&M filed introductory arguments with the arbitration board, to which Enel Green Power must reply by March 6, 2015.

## CIS and Interporto Campano

On December 4, 2009 and August 4, 2010 Enel Green Power SpA signed, with Interporto Campano and Centro Ingrosso Sviluppo Campania Gianni Nappi SpA ("CIS"), respectively, a leasehold agreement with a term of more than nine years and a leasehold estate for the rooftops of the industrial sheds of the CIS in order to build and operate a photovoltaic plant. On April 22, 2011, during the construction of the plant, a fire broke out in one of the sheds where the subcontractor of Enel Green Power, General Membrane SpA, was installing the plant.

CIS, in order to determine the cause of the fire and assess the loss, asked for a precautionary technical appraisal before the Court of Nola.

The technical consultant appointed by the court filed a final report that concluded that the fire was probably accidentally started by the workers who were working on the burned shed. The report also quantified the direct losses suffered by CIS in the total amount of €3 million.

On March 26, 2012, another fire broke out at another shed owned by CIS.

## First arbitration proceeding

On November 3, 2012, CIS began the arbitration proceeding provided for under Article 21 of the contract with Enel Green Power. With the arbitration request, CIS asked that Enel Green Power SpA be ordered to pay €7 million for the first fire, as well as damages for harm to its image of between €30 million and €70 million.

On April 5, 2013, Enel Green Power filed a counter-claim for about €44 million for losses incurred in the fires of April 22, 2011 and March 26, 2012, as well as the unwarranted conduct of CIS, which in delaying plant construction work prevented Enel Green Power from qualifying for more favorable subsidies.

As part of the proceeding, Enel Green Power had asked the arbitration board to appoint a technical consultant to ascertain responsibility for the fire of April 22, 2011. The technical consultant filed his report in December 2013 and, at the hearing of April 28, 2014, the parties submitted their final pleadings.

The arbitration ruling was filed on January 31, 2015.

The ruling of the arbitration board found contributory negligence on the part of both CIS and Enel Green Power, ordering Enel Green Power to pay CIS about €2.5 million, equal to half of the damages originally admitted for indemnification. For the losses incurred by Enel Green Power, the arbitration board found the subcontractor liable, against which Enel Green Power must act for damages (see following note on litigation with General Membrane).

## Second arbitration proceeding

On May 23, 2014, CIS and Interporto Campano initiated a second arbitration proceeding against Enel Green Power requesting the termination of the leasehold estate and the more-than-9-year lease signed on August 4, 2010 and December 4, 2009, respectively, as well as unspecified damages for alleged losses following breaches by Enel Green Power, which were quantified in the amount of about €65 million, of which about €35 million for costs incurred in dismantling the photovoltaic plants.

On June 12, 2014, Enel Green Power joined the arbitration proceeding, preliminarily asserting that the arbitration board had no jurisdiction (arguing that it was impossible to proceed with a single board in respect of two separate contracts with separate obligations). If this objection was not upheld, Enel Green Power asked for the suits to be dismissed and filed a counter-claim for damages of about €40 million of which about €26 million for loss of the opportunity to receive the more favorable subsidized rates, which expired on August 27, 2012.

On September 4, 2014, the arbitration board was duly formed.

At the hearing of January 12, 2015, the arbitration board reserved the option of ruling on the petition of jurisdiction and granted parties until January 30, 2015 to file briefs, setting for Enel Green Power alone the same deadline for the filing of any documentation.

## Precautionary proceedings

In September 2014, CIS and Interporto Campano, arguing that Enel Green Power had not performed the works ordered by the Court of Nola in December 2013, asked the Court for an urgent order to perform the works.

With the appeal, CIS and Interporto also asked for the deactivation of the photovoltaic plants pending performance of the works.

Enel Green Power replied to the suit and at the hearing of October 9, 2014 the court appointed a technical consultant to verify the state of completion of the works.

At the hearing of December 23, 2014, the Court, acting on a favorable opinion of the technical consultant, granted Enel Green Power's request to redefine the schedule of the works (ordering the agreed deactivation of the plants only for those areas on which work was actually being performed).

## Enel Green Power SpA vs General Membrane (proceeding connected with the first arbitration proceeding discussed above)

On March 1, 2013, Enel Green Power filed suit before the Civil Court of Rome against General Membrane as the representative of the contracting companies installing the photovoltaic system at the CIS (which had formed a temporary business grouping) seeking damages for losses incurred in the fire of April 22, 2011.

The damages sought by Enel Green Power amounted to about €16 million.

The contractors have argued that they were not responsible for the loss event and are seeking damages of about €9 million from Enel Green Power.

On February 12, 2015, the court adjourned the case for submission of final pleadings at the hearing of February 28, 2017.

# Ministry of the Environment vs Enel Green Power SpA

On February 18, 2014, Enel Green Power SpA received a summons to appear before the Civil Court of Venice to respond to a suit lodged by the Ministry of the Environment seeking damages for environmental harm allegedly caused in 2002-2004 by the failure to release the minimum vital flow on the Piave river. The suit asked for generic damages of about €13 million.

The suit was also lodged against Enel Produzione SpA, owner of a number of hydroelectric assets that draw water from the Piave, as well as against a number of employees of Enel Green Power and Enel Produzione who at the time of the events were heads of operations and maintenance of the hydroelectric plants involved.

The criminal case was completed in May 2013 with the acquittal of all the defendants by the Court of Appeals of Venice.

At the hearing of July 4, 2014, the Court adjourned the case until January 9, 2015, for administrative formalities associated

with the notification of instruments associated with the case. Following the initiation of proceedings against one of the employees of Enel Green Power, the Civil Court of Venice granted a request to undertake proceedings against the insurance company of the Enel Group and set the first hearing of the parties for April 10, 2015.

## Bagnore 4

On November 22, 2012, WWF Italia, Forum Ambientalista and Italia Nostra filed an appeal with the Tuscany Regional Administrative Court asking the court to void:

- > the resolution of the government of the Region of Tuscany approving the environmental impact assessment (EIA) of the construction and operation of the Bagnore 4 geothermal plant; and
- > the associated omnibus permit subsequently issued by the Region of Tuscany.

With a ruling of January 20, 2014, the Tuscany Regional Administrative Court denied the appeal of the approval of the EIA for the project, but granted the appeal (specifically, that filed by WWF Italia and Italia Nostra) against the omnibus



permit, which as a result was voided (more specifically, the court found that the omnibus permit was issued by the Region without having verified compliance with a number of the provisions of the EIA).

In view of the ruling, on January 23, 2014 Enel Green Power submitted an application for new omnibus permit, requesting verification of its compliance in the meantime with the contested provisions.

On the basis of the verification of compliance by a specifically convened Services Conference, the Region of Tuscany issued Enel Green Power a new omnibus permit, and the latter built the new plant, which has been operational since December 2014.

In July 2014, WWF Italia and Forum Ambientalista appealed the ruling of the Tuscany Regional Administrative Court, asking for the denial of the claims against the EIA to be overturned.

On August 26, 2014, the Council of State denied a petition for the precautionary suspension of the ruling of the court of first instance and set a hearing for March 10, 2015.

Enel Green Power has preliminarily argued that the appeal is inadmissible.

## Enel.si litigation

Under the terms of the agreement for the sale of Enel.si, Enel Green Power undertook to hold Enel.si harmless for any damages it might be ordered to pay in respect of its previous operations, while Enel Green Power will continue to benefit from any judgments in respect of disputes pending as of July 1, 2013. The following are the disputes in which Enel.si is a plaintiff pertaining to Enel Green Power.

In the years from 2007 to 2012, Enel.si imported photovoltaic panels through the Customs Office of Piacenza, paying VAT at the facilitated rate of 10% envisaged for photovoltaic generation systems at no. 127-*quinquies* of Table A – Part Three, attached to Presidential Decree 633/1972.

The Piacenza Customs Office, following a review of customs bills of entry for photovoltaic panels, conducted pursuant to Article 78, paragraph II, of Regulation (EEC) 2973/1992 and Article 11 of Legislative Decree 374/1990 notified Enel.si of four fines for VAT violations levied against Bertola shippers but contractually charged to Enel.si for a total of about €8.7 million, contesting the application of the facilitated VAT rate of 10%, arguing that a photovoltaic panel cannot be consid-

ered a photovoltaic generation system but rather a finished good. All of the fines were appealed and the Provincial Tax Commission of Piacenza ruled in favor of the company in all of the cases. The Piacenza Customs Office filed an appeal with the Regional Tax Commission of Bologna against the rulings and Enel.si joined the appeal proceeding. The Regional Tax Commission of Bologna has ruled in Enel.si's favor for the first case and rulings are pending in the other three cases.

In April 2012, the Finance Police – Tax Police Unit of Rome (Customs and Intracommunity VAT section) initiated an audit of the company focusing primarily on compliance with customs regulations concerning purchases, sales, imports and exports at the national, EU and extra-EU level for the years 2007 to 2012 (through April).

With the findings of the audit conducted by the Finance Police, the Revenue Agency – Regional Office of Lazio – levied three fines against Enel.si for the years covered by the audit (2007-2012, through April 2) in the total amount of €16.5 million. The company appealed all of the fines and the Provincial Tax Commission of Rome has ruled in its favor in two cases, while the final case is still pending.

On the basis of the audit findings, the Customs Office of Rome also fined Enel.si €1.2 million and issued three assessments totaling €4.4 million, all of which have been appealed before the Provincial Tax Commission of Rome. A ruling is still pending.

Enel.si considers the application of the 10% VAT rate to be fully supported by the favorable response provided to the company in 2008 by the Revenue Agency – Regional Office of Lazio – to the query submitted by the company. The Regional Office of Lazio expressly confirmed the applicability of the 10% VAT rate on the basis of a technical appraisal performed by the Politecnico di Milano, attached to the query, which expressly qualified photovoltaic modules as low-power, low-voltage electricity generation systems.

Additional confirmation of the legitimacy of the company's action is provided by rulings of the Provincial Tax Commission of Piacenza nos. 63/01/2012, 2/01/2013, 42/01/2013 and 54/01/2015, of the Regional Tax Commission of Bologna no. 1576/2014 and of the Provincial Tax Commission of Rome nos. 928/13/2015 and 3158/06/2015.

In view of the response to the query submitted and the initial favorable rulings issued by the Provincial Tax Commission of Piacenza, the company considers the risk of an unfavorable ruling to be remote.



## 51. Events after the reporting period <sup>(19)</sup>

### Enel Green Power extends framework accord with Vestas to develop additional wind capacity in the United States

January 12, 2015 - Enel Green Power, acting through its subsidiary Enel Green Power North America Inc. (EGP NA), has extended the framework agreement signed at the end of 2013 with Vestas for the development of wind farms in the United States.

The 2013 agreement, which provided for the supply of Vestas wind turbines, has supported EGP NA's recent successful growth in the United States.

The extension of this agreement confirmed Enel Green Power's commitment to keep growing in the United States wind market. The capacity yet to be developed under the 2013 agreement, together with the current extension, will enable EGP NA to qualify up to approximately 1 GW of future wind capacity in the United States for Federal Production Tax Credits (PTCs).

EGP NA's ability to qualify for these federal tax incentives comes as a result of its continued substantial investment in the United States and recent action by the US Congress to extend the PTC as part of the Tax Increase Prevention Act of 2014, signed into law last month.

### Enel Green Power starts construction on two photovoltaic plants in Brazil

February 19, 2015 - Enel Green Power has begun construction on two new photovoltaic plants in the municipality of Tacaratu, in the State of Pernambuco, in north-eastern Brazil. Enel Green Power already owns and operates in the

same area the 80 MW "Fontes dos Ventos" wind farm, to which both solar plants will be connected once completed. With a total installed capacity of 11 MW, Fontes Solar I and II will be Enel Green Power's largest photovoltaic complex in Brazil. Once fully operational, their total output will exceed 17 GWh, equivalent to the electricity needs of around 90 thousand Brazilian households, thereby avoiding the emission of more than 5 thousand metric tons of CO<sub>2</sub> into the atmosphere each year.

Enel Green Power will be investing a total of about \$18 million to build the plants.

Both solar projects are supported by a 20-year power purchase agreement (PPA), awarded to Enel Green Power in December 2013 through a tender process. The power generated by the plants will be delivered to final customers in the State of Pernambuco.

### Enel Green Power starts construction of new wind farm in Italy

February 20, 2015 - Enel Green Power has begun construction on a new wind farm, in the municipalities of Barile and Venosa, near Potenza, in the region of Basilicata.

With a total installed capacity of 8 MW, the Barile Venosa plant will be able to generate more than 22 GWh per year once fully up and running, thereby avoiding the emission of nearly 9 thousand metric tons of CO<sub>2</sub> into the atmosphere each year. Enel Green Power will be investing a total of more than €11 million to build the Barile Venosa plant. The plant will be built close to the existing Potenza-Pietragalla wind farm, already operating since 2012. Potenza-Pietragalla has an installed capacity of 18 MW and is capable of generating more than 39 million kWh each year.

The Barile Venosa plant will benefit from subsidized rates over the next 20 years. Enel Green Power was awarded the incentive through its participation in the dedicated tender held in 2014.

(19) The reference date is that of the associated press release.



## Enel Green Power starts construction of new Esperança wind farm in Brazil

March 2, 2015 - Enel Green Power has begun construction on the Esperança wind farm, the final segment of the Serra Azul wind complex, north of Bahia in north-eastern Brazil.

With a total installed capacity of 118 MW, Serra Azul will be able to generate more than 500 GWh of electricity a year once fully operational, thereby avoiding the atmospheric emission of nearly 53 thousand metric tons of CO<sub>2</sub>.

The electricity generated by the wind complex will be sold through power supply contracts, mainly on the regulated market. The wind complex, held by Parque Eólico Serra Azul Ltda, a subsidiary of Enel Brasil Participações Ltda, will be completed and enter service by the end of 2015.

Enel Green Power will be investing a total of approximately \$220 million to build the Serra Azul wind complex, in line with the growth targets set out in Enel Green Power's 2014-2018 business plan. The investment is partially financed with a loan from IFC, the International Finance Corporation, a member of the World Bank Group, as well as with a loan from Itaú Unibanco SA. Both loans are tied to the construction of wind farms in north-eastern Brazil.

## Start of operations at new wind plant in Mexico

March 4, 2015 - Enel Green Power has completed and connected to the grid the Sureste I-Phase II wind farm, located in the State of Oaxaca, Mexico.

The wind farm consists of 34 wind turbines of 3 MW each, for a total installed capacity of 102 MW and is able to generate about 390 GWh per year. Sureste I-Phase II will deliver the electricity produced to the Mexican national electricity grid through the nearby Ixtepec Potencia substation.

Enel Green Power was awarded the right to build Sureste I-Phase II through the public tender for External Energy Producers held by the *Comisión Federal de Electricidad* (CFE). A 20-year power purchase agreement (PPA) is associated to the project.

Enel Green Power invested nearly \$160 million in the new wind farm, which contributes towards achievement of the growth targets set out in the company's business plan for 2014-2018.

## Work begins on three new plants in South Africa

March 10, 2015 - Enel Green Power has begun construction on three photovoltaic plants (Aurora, Paleisheuvel, Tom Burke) in South Africa.

With an installed capacity of 82.5 MW, the Aurora photovoltaic plant, located in the Northern Cape province, will be capable of generating more than 168 GWh per year once up and running. This output corresponds to the annual energy needs of around 53 thousand South African households and will avoid the emission of over 153 thousand metric tons of CO<sub>2</sub> into the atmosphere each year.

The Paleisheuvel photovoltaic plant will have an installed capacity of 82.5 MW and will be built in the Western Cape province. Once fully operational, it will be able to generate more than 153 GWh per year, equivalent to the energy needs of around 48 thousand South African households, thereby avoiding the emission of more than 140 thousand metric tons of CO<sub>2</sub> into the atmosphere each year.

With an installed capacity of 66 MW, the Tom Burke photovoltaic plant, located in the Limpopo province, will be capable of generating up to 122 GWh per year once up and running. This output is equivalent to the energy needs of around 38 thousand South African households and will avoid the emission of over 111 thousand metric tons of CO<sub>2</sub> into the atmosphere each year.

The electricity generated by these new power plants will be sold to South African utility Eskom under power supply agreements Enel Green Power has been awarded. Enel Green Power won this right in the third phase of the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) tender held by the South African government in October 2013. In the same tender, in addition to the three projects mentioned above, Enel Green Power was also awarded the right to build the 82.5 MW Pulida photovoltaic park, the 111 MW Gibson Bay wind farm and the 88 MW Cookhouse/Nojoli wind farm. Construction of all these projects is in line with the growth targets set out in Enel Green Power's 2014-2018 business plan.

## Talinay Poniente wind plant enters service

March 11, 2015 - Enel Green Power has completed and connected to the grid the "Talinay Poniente" wind farm in Chile. The wind farm consists of 32 wind turbines, for a total installed capacity of 61 MW, and is able to generate over 160 GWh per year. This output is equivalent to the energy needs of about 60 thousand Chilean households, and will therefore avoid the emission of over 130 thousand metric tons of CO<sub>2</sub> into the atmosphere.

Enel Green Power invested approximately \$140 million in the new wind farm, which contributes towards the growth targets set out in the company's business plan for 2014-2018.

The project is supported by contracts to supply energy to regulated-market customers. The contracts were awarded at the end of 2013 following a tender, carried out for Chile's Central Region Transmission Network (SIC) by a total of 26 distributors. The electricity generated by the wind farm will be delivered to SIC's transmission grid.

The wind farm is located in the Coquimbo region, across from the Talinay Oriente wind farm (90 MW), which has been operating since 2013.

## Acquisition of 100% of 3SUN Srl

March 6, 2015 - Enel Green Power SpA increased its stake in 3SUN Srl, an equally held joint venture between Enel Green Power, Sharp and STMicroelectronics, from 33.33% to 100%, acquiring the interests held by the other two venturers Sharp Corporation (33.33%) and STMicroelectronics (33.33%).

The price for the 33.33% interests and the financial receivables held by the venturers was set at €1.

STMicroelectronics paid Enel Green Power SpA €11.5 million (initially agreed at €15 million) to terminate any and all obligations connected with its participation in the joint venture and in respect of Enel Green Power SpA. The operation concluded with the consent of the banks that financed 3SUN Srl to the transfer of the holdings and the acquisition by Enel Green Power of the receivables of the others in respect of 3SUN Srl, totaling €134 million.

On March 12, 2015, the Board of Directors of Enel Green Power SpA authorized the recapitalization of 3SUN Srl in the total amount of €449 million, which was carried out through the waiver of outstanding receivables (€149 million) and a payment in cash (€300 million).

# Declaration of the Chief Executive Officer and the officer responsible for the preparation of corporate financial reports

Declaration of the Chief Executive Officer and the officer responsible for the preparation of the consolidated financial report of the Enel Green Power Group at December 31, 2014, pursuant to the provisions of Article 154-*bis*, paragraph 5, of Legislative Decree 58 of February 24, 1998 and Article 81-*ter* of CONSOB Regulation no. 11971 of May 14, 1999

1. The undersigned Francesco Venturini and Giulio Antonio Carone, in their respective capacities as Chief Executive Officer and officer responsible for the preparation of the financial reports of Enel Green Power SpA, hereby certify, taking account of the provisions of Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree 58 of February 24, 1998:
  - a. the appropriateness with respect to the characteristics of the Enel Green Power Group and
  - b. the effective adoptionof the administrative and accounting procedures for the preparation of the consolidated financial statements of the Enel Green Power Group in the period between January 1, 2014 and December 31, 2014.
2. In this regard, we report that:
  - a. the appropriateness of the administrative and accounting procedures used in the preparation of the consolidated financial statements of the Enel Green Power Group has been verified in an assessment of the internal control system for financial reporting. The assessment was carried out on the basis of the guidelines set out in the "Internal Controls - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO);
  - b. the assessment of the internal control system for financial reporting did not identify any material issues.
3. In addition, we certify that consolidated financial statements of the Enel Green Power Group at December 31, 2014:
  - a. have been prepared in compliance with the international accounting standards recognized in the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002;
  - b. correspond to the information in the books and other accounting records;
  - c. provide a true and fair representation of the performance and financial position of the issuer and the companies included in the scope of consolidation.
4. Finally, we certify that the report on operations included in the Annual Report 2014 and accompanying the consolidated financial statements of the Enel Green Power Group at December 31, 2014 contains a reliable analysis of operations and performance, as well as the situation of the issuer and the companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Rome, March 12, 2015

**Francesco Venturini**  
Chief Executive Officer of Enel Green Power SpA

**Giulio Antonio Carone**  
Officer responsible for the preparation  
of the financial reports of Enel Green Power SpA



Reports



# Report of the Independent Auditors on the 2014 consolidated financial statements of the Enel Green Power Group

**Independent auditors' report**  
**pursuant to articles 14 and 16 of Legislative Decree n. 39 dated January 27, 2010**  
**(Translation from the original Italian text)**

To the Shareholders of  
Enel Green Power S.p.A.

1. We have audited the consolidated financial statements of Enel Green Power S.p.A. and its subsidiaries ("Enel Green Power Group") as of December 31, 2014 and for the year then ended comprising the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in shareholders' equity, the statement of cash flows and the related notes to the financial statements. The preparation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with article 9 of Legislative Decree n. 38/2005 is the responsibility of Enel Green Power S.p.A.'s directors. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

The consolidated financial statements of the prior year and the balance sheet as of January 1, 2013 are presented for comparative purposes. As described in the notes to the financial statements, the directors have restated certain comparative data related to the prior year and the balance sheet as of January 1, 2013, which is derived from the consolidated financial statements as of December 31, 2012, with respect to the data previously presented, on which we issued our auditors' reports on April 9, 2014 and on April 2, 2013, respectively. We have examined the method used to restate the comparative financial data and the related information presented in the notes to the financial statements, for the purpose of expressing our opinion on the consolidated financial statements as of December 31, 2014 and for the year then ended.

3. In our opinion, the consolidated financial statements of the Enel Green Power Group as of December 31, 2014 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with article 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of the Enel Green Power Group for the year then ended.

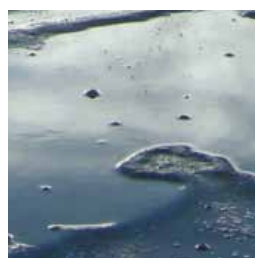
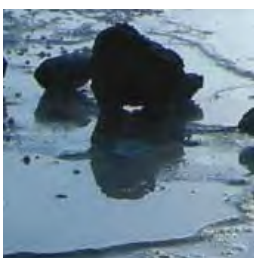
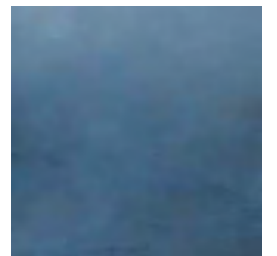
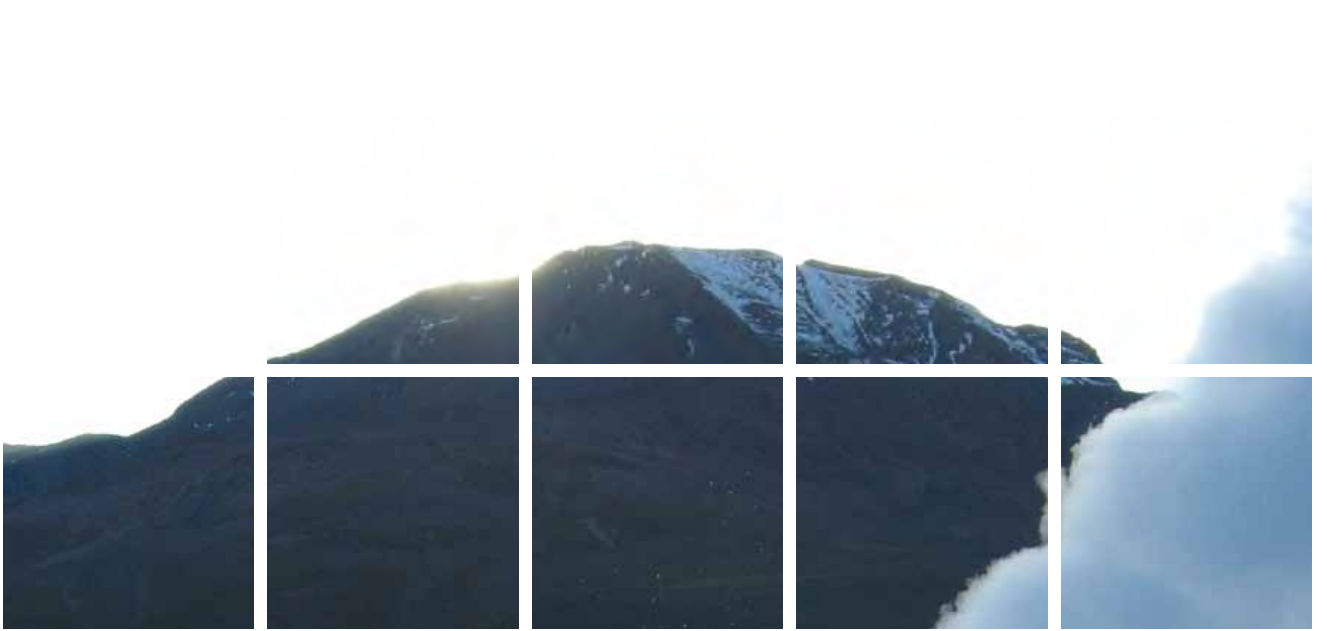
4. The directors of Enel Green Power S.p.A. are responsible for the preparation, in accordance with the applicable laws and regulations, of the report on operations and the report on corporate governance and ownership structure published in the section *Governance* of Enel Green Power S.p.A.'s website. Our responsibility is to express an opinion on the consistency with the financial statements of the report on operations and of the information presented in compliance with article 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the report on corporate governance and ownership structure, as required by law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the report on operations and the information presented in compliance with article 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) in the report on corporate governance and ownership structure, are consistent with the consolidated financial statements of the Enel Green Power Group as of December 31, 2014.

Rome, April 8, 2015

Reconta Ernst & Young S.p.A.

Signed by: Riccardo Rossi, Partner

*This report has been translated into the English language solely for the convenience of international readers.*











Financial  
statements



# Income Statement

Euro	Notes	2014	<i>of which with related parties</i>	2013 restated <sup>(1)</sup>	<i>of which with related parties</i>
<b>Revenue and income</b>					
Revenue from sales and services	5	870,556,093	870,544,746	958,552,496	958,552,496
Other revenue and income	6	608,492,636	340,519,581	315,867,338	301,943,286
	<i>[Subtotal]</i>	<b>1,479,048,729</b>		<b>1,274,419,834</b>	
<b>Costs</b>					
Electricity purchases	7	37,100,288	37,086,214	26,639,364	26,625,308
Services and other materials	8	259,304,227	134,224,127	271,042,637	117,806,202
Personnel	9	146,557,162		140,739,089	376
Depreciation, amortization and impairment losses	10	303,339,327		343,451,875	
Other operating expenses	11	68,611,115	2,514	44,897,519	45,231
Capitalized costs	12	(30,426,743)		(32,071,404)	
	<i>[Subtotal]</i>	<b>784,485,376</b>		<b>794,699,080</b>	
<b>Net income/(expense) from commodity contracts measured at fair value</b>	13	74,049,185	74,049,185	22,483,464	22,483,464
<b>Operating income</b>		<b>768,612,538</b>		<b>502,204,218</b>	
Income from equity investments	14	38,576,283	38,576,283	39,328,890	39,328,890
<b>Net financial income/(expense) from derivatives</b>	15	<b>(16,427,201)</b>	<i>(16,427,201)</i>	<b>(10,426,781)</b>	<i>(10,426,782)</i>
<b>Net other financial income/(expense)</b>	16	<b>(94,932,347)</b>	<i>(77,437,131)</i>	<b>(107,559,911)</b>	<i>(90,092,242)</i>
	<i>[Subtotal]</i>	<b>(72,783,265)</b>		<b>(78,657,802)</b>	
<b>Income before taxes</b>		<b>695,829,273</b>		<b>423,546,416</b>	
Income taxes	17	(260,457,047)		(204,267,324)	
<b>Net income from continuing operations</b>		<b>435,372,226</b>		<b>219,279,092</b>	
<b>Net income from discontinued operations</b>	18	<b>(4,335,025)</b>		<b>70,562,756</b>	
<b>Net income for the year</b>		<b>431,037,201</b>		<b>289,841,848</b>	

(1) For more information, please see the section "Accounting policies and measurement criteria".

# Statement of Comprehensive Income

Euro

	2014	2013 restated <sup>(1)</sup>
<b>Net income</b>	<b>431,037,201</b>	<b>289,841,848</b>
<i>Other comprehensive income:</i>		
Remeasurement of defined-benefit obligation	(2,845,985)	(2,349,502)
<b>Other comprehensive income not to be reclassified to profit or loss (a)</b>	<b>(2,845,985)</b>	<b>(2,349,502)</b>
Gain/(Loss) on cash flow hedge derivatives	(20,000,965)	10,106,101
<b>Other comprehensive income to be reclassified to profit or loss (b)</b>	<b>(20,000,965)</b>	<b>10,106,101</b>
<b>Total other comprehensive income/(loss) for the year (net of taxes) (a+b)</b>	<b>(22,846,950)</b>	<b>7,756,599</b>
<b>Total comprehensive income/(loss) for the year</b>	<b>408,190,251</b>	<b>297,598,447</b>

(1) For more information, please see the section "Accounting policies and measurement criteria".

# Balance Sheet

Euro	Notes			at Dec. 31, 2013	
<b>ASSETS</b>		<b>at Dec. 31, 2014</b>	<i>of which with related parties</i>	restated <sup>(1)</sup>	<i>of which with related parties</i>
<b>Non-current assets</b>					
Property, plant and equipment	19	4,847,103,496		4,774,332,378	
Intangible assets	20	28,125,101		20,336,493	
Goodwill	21	6,370,310		5,987,807	
Deferred tax assets	22	136,035,609		143,572,535	
Equity investments	23	4,592,561,676		5,093,557,732	
Derivatives	24	2,268,421	2,268,421	6,276,026	6,276,026
Other non-current financial assets	25	27,208,189	24,655,532	20,512,151	17,871,114
Other non-current assets	26	8,690,825	2,766,078	9,724,878	2,711,841
	[Total]	<b>9,648,363,627</b>		<b>10,074,300,000</b>	
<b>Current assets</b>					
Inventories	27	89,045,755		42,987,396	
Trade receivables	28	358,426,735	328,680,940	408,221,030	398,655,699
Tax receivables	29	2,625,243	433	3,483,647	444
Derivatives	24	10,539,952	10,539,952		
Other current financial assets	30	792,979,731	792,690,078	49,965,680	49,676,027
Other current assets	31	208,893,324	118,238,011	146,539,593	104,965,210
Cash and cash equivalents	32	19,020,067		8,700,271	
	[Total]	<b>1,481,530,807</b>		<b>659,897,617</b>	
<b>TOTAL ASSETS</b>		<b>11,129,894,434</b>		<b>10,734,197,617</b>	

(1) For more information, please see the section "Accounting policies and measurement criteria".

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>at Dec. 31, 2014</b>	<i>of which with related parties</i>	<b>at Dec. 31, 2013 restated <sup>(1)</sup></b>	<i>of which with related parties</i>
Share capital		1,000,000,000		1,000,000,000	
Reserves		4,642,735,941		4,663,620,729	
Retained earnings/(loss carried forward)		824,202,673		694,360,826	
Net income for the year		431,037,201		289,841,848	
<b>TOTAL SHAREHOLDERS' EQUITY</b>	33	<b>6,897,975,815</b>		<b>6,647,823,403</b>	
<b>Non-current liabilities</b>					
Long-term borrowings	34	1,956,298,130	1,200,000,000	1,999,745,454	1,200,000,000
Post-employment and other employee benefits	35	39,219,189		44,146,156	
Provisions for risks and charges	36	60,256,528		67,463,859	
Deferred tax liabilities	22	9,475,171		10,085,890	
Derivatives	24	51,924,721	47,909,736	14,512,083	12,246,961
Other non-current liabilities	37	55,328,890		60,872,642	
	[Total]	<b>2,172,502,629</b>		<b>2,196,826,084</b>	
<b>Current liabilities</b>					
Short-term borrowings	34	1,567,883,542	1,562,406,998	1,341,614,632	1,336,443,299
Current portion of long-term borrowings	34	55,089,067		44,872,727	
Current portion of long-term provisions and short-term provisions	36	16,251,888		12,171,252	
Trade payables	38	247,129,469	122,259,342	315,118,827	153,590,470
Income tax payables	39	30,844,325	30,527,563	5,888,504	3,470,062
Derivatives	24	5,171,413	5,171,413	2,318,925	2,318,925
Other current financial liabilities	40	30,202,287	27,532,916	29,675,411	27,770,663
Other current liabilities	42	106,843,999	5,946,308	137,887,852	45,474,856
	[Total]	<b>2,059,415,990</b>		<b>1,889,548,130</b>	
<b>TOTAL LIABILITIES</b>		<b>4,231,918,619</b>		<b>4,086,374,214</b>	
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>11,129,894,434</b>		<b>10,734,197,617</b>	

(1) For more information, please see the section "Accounting policies and measurement criteria".

# Statement of Changes in Equity

Euro

	Share capital	Legal reserve	Revaluation reserve
<b>At January 1, 2013 restated</b>	<b>1,000,000,000</b>	<b>200,000,000</b>	<b>137,963,823</b>
Effect of application of IAS 19 Revised	-	-	-
<b>Allocation of 2012 net income</b>			
Dividends paid	-	-	-
Retained earnings	-	-	-
<b>Comprehensive income</b>			
Income/(Loss) recognized directly in equity	-	-	-
Net income/(loss) for the year	-	-	-
Rounding	-	-	-
<b>At December 31, 2013 restated <sup>(1)</sup></b>	<b>1,000,000,000</b>	<b>200,000,000</b>	<b>137,963,823</b>
<b>Other changes</b>	-	-	-
<b>Allocation of 2013 net income</b>			
Dividends paid	-	-	-
Retained earnings	-	-	-
<b>Comprehensive income</b>			
Income/(Loss) recognized directly in equity	-	-	-
Net income/(loss) for the year	-	-	-
<b>At December 31, 2014</b>	<b>1,000,000,000</b>	<b>200,000,000</b>	<b>137,963,823</b>

(1) For more information, please see the section "Accounting policies and measurement criteria".

Reserve from measurement of CFH instruments	Remeasurement of defined-benefit obligation	Other reserves	Retained earnings/(loss carried forward)	Net income for the year	Total shareholders' equity
<b>(15,553,624)</b>	<b>(2,380,854)</b>	<b>4,335,834,785</b>	<b>614,117,196</b>	<b>209,743,629</b>	<b>6,479,724,955</b>
-	-	-	(25,792,362)	25,792,362	-
-	-	-	-	(129,500,000)	<b>(129,500,000)</b>
-	-	-	106,035,991	(106,035,991)	-
10,106,101	(2,349,502)	-	-	-	<b>7,756,599</b>
-	-	-	-	289,841,848	<b>289,841,848</b>
-	-	-	1	-	<b>1</b>
<b>(5,447,523)</b>	<b>(4,730,356)</b>	<b>4,335,834,785</b>	<b>694,360,826</b>	<b>289,841,848</b>	<b>6,647,823,403</b>
-	-	<b>1,962,162</b>	<b>(1)</b>	-	<b>1,962,161</b>
-	-	-	-	-	-
-	-	-	-	(160,000,000)	<b>(160,000,000)</b>
-	-	-	129,841,848	(129,841,848)	-
(20,000,965)	(2,845,985)	-	-	-	<b>(22,846,950)</b>
-	-	-	-	<b>431,037,201</b>	<b>431,037,201</b>
<b>(25,448,488)</b>	<b>(7,576,341)</b>	<b>4,337,796,947</b>	<b>824,202,673</b>	<b>431,037,201</b>	<b>6,897,975,815</b>



# Statement of Cash Flows

Euro	Notes	2014	of which with related parties	2013 restated <sup>(1)</sup>	of which with related parties
<b>Income before taxes</b>		<b>695,829,273</b>		<b>423,546,416</b>	
Income before taxes from discontinued operations		(4,335,025)		71,929,415	
<b>Adjustments for:</b>					
Depreciation, amortization and impairment losses	10	301,507,795		343,451,875	
Provisions for risks and charges and post-employment and other employee benefits		18,289,397		2,043,906	
Dividends from subsidiaries, associates and other companies	14	(38,576,283)	(38,576,283)	(39,328,890)	(39,328,890)
Net financial (income)/expense from derivatives and net other financial expense		111,359,547	93,864,332	117,986,692	100,519,024
(Gains)/Losses and other non-monetary items		(207,599,680)	(207,599,680)	(68,075,882)	(68,075,882)
<i>Cash flows from operating activities before changes in net current assets</i>		876,475,024		851,553,532	
<i>- of which discontinued operations</i>		4,335,025		(71,929,415)	
Increase/(Decrease) in provisions for risks and charges and post-employment and other employee benefits		(28,209,021)		(15,297,004)	
(Increase)/Decrease in inventories		(42,708,359)		(27,973,607)	
(Increase)/Decrease in trade receivables and payables	28, 38	(34,009,448)	38,643,632	(163,692,418)	119,436,025
(Increase)/Decrease in other current and non-current assets/liabilities		(166,759,122)	5,234,195	(91,983,083)	(42,937,631)
Interest income/(expense) and other financial income/(expense) collected/(paid)		(24,859,563)		(23,445,157)	
Dividends collected from subsidiaries, associates and other companies	14	37,416,367	37,416,367	36,959,359	36,959,359
Income taxes paid		(204,193,612)	(129,599,505)	(196,585,429)	(165,458,453)
<b>Cash flows from operating activities (a)</b>		<b>413,152,266</b>		<b>369,536,193</b>	
<i>- of which discontinued operations</i>		-		-	
Investments in property, plant and equipment	19	(268,654,680)		(293,767,308)	
Investments in intangible assets	20	(16,031,964)		(11,912,879)	
Disposals of property, plant and equipment and intangible assets	19, 20	-		49,090,343	
Equity investments	23	411,332,773	411,332,773	(594,355,843)	(594,355,843)
Equity repayments	23	(652,454,710)	(652,454,710)	-	
Disposals of equity investments	23	223,679,073		85,629,415	
<b>Cash flows used in investing activities (b)</b>		<b>(302,129,508)</b>		<b>(765,316,272)</b>	
<i>- of which discontinued operations</i>		-		76,429,415	
Financial debt: new long-term borrowing (repayments)	34	(33,230,984)		(40,495,055)	
Financial debt/(receivables): repayments and other net changes	25, 30, 34	(559,926,688)	(559,926,688)	566,927,709	618,840,213
Other changes	25, 30, 34	652,454,710	652,454,710	-	
Dividends paid	33	(160,000,000)	(109,261,649)	(129,500,000)	(88,433,647)
<b>Cash flows from financing activities (c)</b>		<b>(100,702,962)</b>		<b>396,932,654</b>	
<i>- of which discontinued operations</i>		(8,835,025)		-	
<b>Increase/(Decrease) in cash and cash equivalents (a+b+c)</b>		<b>10,319,796</b>		<b>1,152,575</b>	
Cash and cash equivalents at the beginning of the year	32	8,700,271		7,547,696	
Cash and cash equivalents at the end of the year	32	19,020,067		8,700,271	

(1) For more information, please see the section "Accounting policies and measurement criteria".

# Notes to the financial statements

## 1

### Form and content of the financial statements

Enel Green Power SpA operates in the generation of electricity from renewable resources, is incorporated as a company limited by shares (*società per azioni*) and has its registered office in Viale Regina Margherita 125, Rome, Italy.

Enel Green Power SpA, as Parent Company, has prepared the consolidated financial statements of the Enel Green Power Group at December 31, 2014, which are an integral part of the Annual Report 2014 as referred to in Article 154-ter, paragraph 1, of the Consolidated Finance Act (Legislative Decree 58 of February 24, 1998). The duration of the Company is established to December 31, 2100.

On March 12, 2015, the Board authorized the publication of these separate financial statements at December 31, 2014.

The financial statements have been audited by audit firm Reconta Ernst & Young SpA.

### Basis of presentation

The separate financial statements for the year ended December 31, 2014 have been prepared in accordance with international accounting standards (International Accounting Standards – IAS and International Financial Reporting Standards - IFRS) issued by International Accounting Standards Board (IASB), the interpretations of the IFRIC and SIC, recognized in the European Union pursuant to Regulation (EC) no. 1606/2002 and in effect as of the close of the year. All of these standards and interpretations are hereinafter referred to as the “IFRS-EU”.

These financial statements have been prepared in implementation of Article 9, paragraph 3, of Legislative Decree 38 of February 28, 2005. The duration of the Company is established to December 31, 2100.

The separate financial statements consist of the income statement, the statement of comprehensive income, the

balance sheet, the statement of changes in equity and the statement of cash flows and the related notes.

The assets and liabilities reported in the balance sheet are classified on a “current/non-current basis”, with separate reporting of any assets and liabilities included in a disposal group classified as held for sale. Current assets, which include cash and cash equivalents, are assets that are intended to be realized, sold or consumed during the normal operating cycle of the company or in the twelve months following the balance-sheet date; current liabilities are liabilities that are expected to be settled during the normal operating cycle of the company or within the twelve months following the close of the financial year.

The income statement is classified on the basis of the nature of costs, with separate reporting of net income (loss) from continuing operations and net income (loss) from discontinued operations.

The indirect method is used for the cash flow statement, with separate reporting of any cash flows by operating, investing and financing activities associated with discontinued operations. Transactions for investments and financing that do not generate cash flows (such as, for example, the transformation of capital contributions to Group companies into debt) are not reported in the statement of cash flows but are instead indicated in the notes to the balance-sheet items affected by those transactions.

The income statement, the balance sheet and the statement of cash flows report transactions with related parties, the definition of which is given in the section “Accounting policies and measurement criteria” of the notes to the consolidated financial statements.

The financial statements are prepared on a going-concern basis using the cost method, with the exception of items that are measured at fair value under IFRS-EU, as specified in the measurement policies for the individual items.

The financial statements are presented in euro, the functional currency of the Company. The figures in the notes are shown in millions of euro unless stated otherwise.

The financial statements also provide comparative figures for the previous year.

## 2

### Accounting policies and measurement criteria

The accounting policies and measurement criteria are the same as those adopted for the consolidated financial statements, which you are invited to consult, with the exception of equity investments in subsidiaries, associates and joint ventures, which are measured at cost

Subsidiaries are all entities over which Enel Green Power SpA has control. Enel Green Power SpA controls an entity when it is exposed/has rights to variable returns deriving from its involvement and has the ability, through the exercise of its power over the investee, to affect its returns. Power is defined as when the investor has existing rights that give it the current ability to direct the relevant activities.

Associates are those entities in which Enel Green Power SpA exercises significant influence, i.e. the power to participate in the financial and operating policy decisions of the investee but not exercise control or joint control over those policies.

Joint ventures are entities whereby Enel Green Power SpA has joint control and has rights to the net assets of the arrangement. Joint control exists where control of an arrangement is shared, which exists solely when the decisions over the relevant activities require the unanimous consent of all the parties who share control.

Equity investments in subsidiaries, associates and joint ventures are measured at cost. The cost includes the fair value allocated upon recognition of contingent consideration. Any subsequent changes in the fair value and in the contingent components are recognized through profit or loss.

Cost is adjusted for any impairment losses. Adjustments for impairment losses are reversed where the reasons for their recognition no longer obtain. The value resulting from the reversal may not exceed the original cost.

Where the loss pertaining to Enel Green Power SpA exceeds the carrying amount of the investment and the Company has committed to performing the legal or constructive obligations of the investee or in any event to cover its losses, the excess with respect to the carrying amount is recognized in liabilities in the provision for risks and charges.

In the case of a disposal, without economic substance, of an investment in an entity under common control, any difference between the consideration received and the carrying

amount of the investment is recognized in equity.

Dividends from equity investments are recognized in profit or loss when the shareholders' right to receive them is established.

Dividends payable to third parties are recognized as changes in equity at the date they are approved by the Shareholders' Meeting.

### 2.1 Restatement of comparative disclosures at December 31, 2013

Following the change in the approach to classifying costs for electricity purchases, financial receivables from subsidiaries and joint ventures, and the financial impact of derivatives and their fair value, designed to implement best industry practice and to ensure clarity in financial reporting, reclassifications have been made to the income statement, the balance sheet and the statement of cash flows in order to ensure greater comparability of the information reported.

With regard to the 2013 income statement, we have reclassified:

- (i) costs for materials and equipment, equal to €45 million, from "Raw materials and consumables" of financial statements at December 31, 2013 to "Services and other materials";
- (ii) financial income from derivatives, equal to €1 million, from "Financial income" of financial statements at December 31, 2013 to "Net financial income/(expense) from derivatives";
- (iii) financial expense from derivatives, equal to €11 million, from "Financial expense" of financial statements at December 31, 2013 to "Net financial income/(expense) from derivatives".

With regard to the balance sheet, we have reclassified:

- (i) non-current/current derivative financial assets, equal to €13 million, from "Non-current/current financial assets" of financial statements at December 31, 2013 to separate "Derivatives" items under non-current/current assets;
- (ii) non-current/current derivative financial liabilities, equal to €57 million, from "Non-current/current financial liabilities" of financial statements at December 31, 2013 to separate "Derivatives" items under non-current/current liabilities;
- (iii) long-term financial receivables from subsidiaries and joint ventures, equal to €21 million, from "Medium/long-term financial receivables and securities" of finan-

cial statements at December 31, 2013 to "Other non-current financial assets";

- (iv) short-term financial receivables from subsidiaries and joint ventures, equal to €49 million, from "Short-term financial receivables and securities" of financial statements at December 31, 2013 shareholder' to "Other current financial assets".

The reclassifications of assets and liabilities at January 1, 2013 reported below were not considered material for the purposes of the presentation of additional disclosures pursuant to IAS 1.41 letter b):

- (i) non-current/current derivative financial assets, equal to €3 million, from "Non-current/current financial assets" of financial statements at December 31, 2013 to separate "Derivatives" items under non-current/current assets;
- (ii) non-current/current derivative financial liabilities, equal to €29 million, from "Non-current/current financial liabilities" of financial statements at December 31, 2013 to separate "Derivatives" items under non-current/current liabilities;
- (iii) long-term financial receivables from subsidiaries and joint ventures, equal to €23 million, from "Medium/long-term financial receivables and securities" of financial statements at December 31, 2013 to "Other non-current financial assets";
- (iv) short-term financial receivables from subsidiaries and joint ventures, equal to €41 million, from "Short-term financial receivables and securities" of financial statements at December 31, 2013 to "Other current financial assets".

---

## 3

### Recently issued accounting standards

For more information on recently issued accounting standards, please see the notes to the consolidated financial statements, except for standards that do not apply in the preparation of the separate financial statements.

---

## 4

### Business combinations in 2014

As already discussed in the section "Significant events in 2014", on December 1, 2014 the merger of Enel Green Power Cutro Srl and Enel Green Power Canaro Srl, owners of a wind plant and a solar plant in operation, into Enel Green Power SpA took legal effect.

The accounting and tax effects were reflected in the financial statements of the surviving company with retrospective effect as from January 1, 2014.

The transaction produced an increase in operational efficiency and simplified administrative processes, with a consequent reduction in operating expenses.

As Enel Green Power Canaro Srl and Enel Green Power Cutro Srl were wholly owned by Enel Green Power SpA, the merger was approved by the Board of Directors under the simplified procedure provided for by Article 2505 of the Italian Civil Code and Article 19 of Enel Green Power's bylaws.

As the transaction is a merger subject to the simplified procedure, Enel Green Power did not increase its share capital or assign – pursuant to Article 2504-ter of the Civil Code – shares to replace the shares held in the merged companies, which were canceled without exchange following the merger.

The transaction did not exceed the materiality thresholds provided for under point 9 of Regulation (EC) no. 809/2004, so no *pro forma* statements were prepared.

The mergers generated goodwill of €0.4 million for Enel Green Power Canaro Srl and negative goodwill of €2 million, recognized in equity reserves, for Enel Green Power Cutro Srl.

# Information on the Income Statement

## Revenue and income

### 5. Revenues from sales and services - €871 million

Millions of euro

	2014	of which with related parties	2013 restated	of which with related parties	Change
Electricity	770	770	865	865	(95)
Other sales and services	101	101	94	94	7
<b>Total</b>	<b>871</b>		<b>959</b>		<b>(88)</b>

Revenue from "Electricity" amounted to €770 million (€865 million in 2013 restated) and is entirely accounted for by transactions with related parties. It reflects sales of power amounting to 13,867 GWh (12,905 GWh in 2013 restated), and mainly regard:

- > €526 million in respect of 9,979 GWh of electricity sold on the Power Exchange (€414 million and 6,206 GWh in 2013 restated);
- > €187 million in respect of 3,504 GWh sold to Enel Trade SpA under bilateral contracts (€399 million and 6,254 GWh in 2013 restated);
- > €24 million in respect of 383 GWh sold to the ESO at subsidized prices (€25 million and 296 GWh in 2013 restated).

Revenue from electricity also includes €24 million in revenue from the Energy Account (€18 million in 2013 restated) and

€3 million in revenue from correct forecasting fees (CCP), introduced with Authority for Electricity and Gas resolution no. 5/2010 in order to incentivize effective planning of deliveries of power to the grid by renewable resource generators (€5 million in 2013 restated).

"Other sales and services" amounted to €101 million (€94 million in 2013 restated), and include:

- > €65 million from the design, construction and start-up of plants for subsidiaries (€62 million in 2013 restated);
- > €33 million from management fees and other coordination services on behalf of subsidiaries (€32 million in 2013 restated).

Revenue from sales and services break down by geographical area as follows.

	2014	2013 restated	Change
Italy	795	889	(94)
Europe	15	17	(2)
North America	15	14	1
Central and South America	46	38	8
South Africa	-	1	(1)
<b>Total</b>	<b>871</b>	<b>959</b>	<b>(88)</b>

### 6. Other revenue - €608 million

Millions of euro

	2014	of which with related parties	2013 restated	of which with related parties	Change
Green certificates	334	334	295	295	39
Other revenue and income	274	7	21	7	253
<b>Total</b>	<b>608</b>		<b>316</b>		<b>292</b>

“Green certificates” amounted to €334 million (including a prior-year charge of €2 million). They regard revenue for green certificates awarded on the 3,457 GWh of electricity generated by IAFR-qualified plants (€295 million in revenue for green certificates on 3,346 GWh in 2013 restated).

The revenue includes €155 million in respect of the 1,605 GWh generated by geothermal plants (€137 million and 1,589 GWh in 2013 restated), €97 million in respect of the 977 GWh generated by wind farms (€87 million and 958 GWh in 2013 restated) and €85 million in respect of the 876 GWh generated by hydroelectric plants (€73 million and 799 GWh in 2013 restated).

The revenue includes:

- > €132 million for green certificates sold to third parties (at an average unit price of €96.96/MWh);
- > €96 million for green certificates withdrawn from the ESO (at a unit price of €97.42/MWh);
- > €85 million for 870 GWh of green certificates accrued but not yet credited to the ownership account of Enel Green Power SpA (at a unit price of €97.42/MWh);
- > €23 million for 234 GWh of green certificates credited to the ownership account of Enel Green Power SpA but not yet sold (at an average unit price of €97.42/MWh).

“Other revenue and income” mainly comprises:

- > €243 million in respect of the settlement agreement with Inversiones Energéticas SA de Cv (INE), which also involved the disposal of the interest in LaGeo (€148 million) and the indemnity provided for under the off-take agreement with Sharp regarding the output of the 3SUN Srl factory (€95 million);
- > €6 million from the pass-through of costs for seconded personnel (unchanged on December 31, 2013 restated), mainly to the subsidiaries in Central and South America (€2 million in 2014 and 2013 restated), North America (€2 million in 2014 and €1 million in 2013 restated) and Enel Green Power España (€1 million in 2014 and 2013 restated);
- > €5 million in fees, mainly from non-Group counterparties (agencies, consortiums, aqueduct operators), to draw water from the hydroelectric plants and reservoirs owned by Enel Green Power SpA (unchanged compared with December 31, 2013 restated);
- > €5 million from the sale of thermal energy under district heating contracts with individuals, companies and public entities (unchanged compared with December 31, 2013 restated).

## Costs

### 7. Electricity - €37 million

The item amounted to €37 million (€27 million in 2013 restated) and is almost entirely accounted for by transactions with related parties. More specifically, it includes:

- > €21 million for electricity purchased from Terna SpA for ancillary services (€8 million in 2013 restated);
- > €9 million for electricity purchased from Enel Energia SpA for the operation of plant auxiliary services, directly or in-

directly connected with power generation, illumination services and motive power (€5 million in 2013 restated);

- > €4 million for electricity purchased from GME SpA (€12 million in 2013 restated).

The increase essentially reflects higher costs for auxiliary services from Terna SpA (€9 million).

### 8. Services and other materials - €259 million

Millions of euro

	2014	of which with related parties	2013 restated	of which with related parties	Change
Services	154	79	167	96	(13)
Leases and rentals	56	3	59	5	(3)
Other materials	49	52	45	16	4
<b>Total</b>	<b>259</b>		<b>271</b>		<b>(12)</b>
- of which capitalized raw materials costs	2		3		(1)



Costs for “services” concerned related parties in the amount of €79 million (€96 million in 2013 restated) and third parties in the amount of €75 million (€71 million in 2013 restated).

Costs for services mainly include:

- > €21 million for management fees and other support services provided by the ultimate Parent Company Enel SpA (€22 million in 2013 restated);
- > €27 million for services provided by Enel Servizi Srl, mainly in respect of its “global service” relationship, IT services, administrative services and human resource administration (€28 million in 2013 restated);
- > €7 million for energy management services provided by Enel Produzione SpA (€9 million in 2013 restated);
- > €11 million in fees and other amounts paid to GME SpA for transport capacity rights (€21 million in 2013 restated).

Costs for services from third parties mainly regard:

- > €23 million for plant maintenance and repair services

(€25 million in 2013 restated), which also include plant construction costs for subsidiaries;

- > €15 million for professional and technical services and strategic, management and organizational consulting, auditing and other costs (€13 million in 2013 restated);
- > €13 million in insurance premiums on sundry policies to cover risks (€12 million in 2013 restated).

Costs for “leases and rentals” mainly include license fees for water diversions, public lands, mountain and river drainage basins due to local authorities for concessions to use public waters for hydroelectric purposes (€53 million in 2014 and €54 million in 2013 restated).

“Other materials” include €25 million for materials for the construction of plants for other Group companies (€15 million in 2013 restated), €9 million for the purchase of reagents for the operation of a number of generation plants (€10 million in 2013 restated) and €6 million for the purchase of spare parts for geothermal plants (€8 million at December 31, 2013 restated).

## 9. Personnel - €147 million

Millions of euro

	2014	2013 restated	Change
Wages and salaries	106	99	7
Social security contributions	33	31	2
Post-employment benefits	6	6	-
Other costs	2	5	(3)
<b>Total</b>	<b>147</b>	<b>141</b>	<b>6</b>
- of which capitalized	(26)	(25)	(1)

Personnel costs totaled €147 million, an increase of €6 million in line with the rise in the average workforce (an increase of 79 employees compared with 2013 restated).

“Wages and salaries” amounted to €106 million (€99 million in 2013 restated), with the increase attributable to the rise in average unit labor costs and the expansion of the average workforce.

“Social security contributions” amounted to €33 million, an increase of €2 million (€31 million in 2013 restated). They include contributions paid to INPS and other smaller social security institutions in the amount of €30 million (€28 million in 2013 restated) and employer contributions to defined-contribution plans in the amount of €3 million (unchanged on 2013 restated). The item breaks down as follows.

Millions of euro

	2014	2013 restated	Change
<b>Social security contributions on short-term benefits</b>	<b>30</b>	<b>28</b>	<b>2</b>
INAIL	1	1	-
INPS	29	27	2
<b>Social security contributions on defined-contribution plans</b>	<b>3</b>	<b>3</b>	<b>-</b>
Fopen	2	3	(1)
Fondenel	1	-	1
<b>Total</b>	<b>33</b>	<b>31</b>	<b>2</b>

The following table reports the average workforce by category and the headcount at December 31, 2014, with comparative figures for 2013.

	Workforce			
	Average	Final	Average	Final
	2014		2013 restated	
Senior managers	95	90	76	78
Middle managers	277	282	284	289
Office staff	892	898	895	889
Blue collar	708	702	638	671
<b>Total</b>	<b>1,972</b>	<b>1,972</b>	<b>1,893</b>	<b>1,927</b>

## 10. Depreciation, amortization and impairment losses - €303 million

Millions of euro

	2014	2013 restated	Change
Depreciation	280	261	19
Amortization	8	7	1
Impairment losses and reversals	15	75	(60)
<b>Total</b>	<b>303</b>	<b>343</b>	<b>(40)</b>
- of which capitalized	2	4	(2)

“Depreciation” of property, plant and equipment regarded power plants in the amount of €245 million (€235 million in 2013 restated), buildings in the amount of €30 million (€24 million in 2013 restated) and other tangible assets in the amount of €5 million (€2 million in 2013 restated). The increase of €19 million in depreciation is mainly attributable to the depreciation of plants that entered service in 2013, mainly Serre Persano, and the merger of the plants of Enel Green Power Cutro Srl and Enel Green Power Canaro (a total of €3 million).

“Impairment losses and reversals” amounted to €15 million (€75 million in 2013 restated), mainly reflecting the impairment of the investments in Enel Green Power Solar Energy Srl (€6 million), PH Chucas (€4 million) and Enel Green Power Puglia Srl (€3 million) recognized to align their carrying amounts with recoverable value and the impairment of property, plant and equipment associated with a number of abandoned projects.

In 2013 the items included the estimated adjustment to recoverable value of the investments in 3SUN (€60 million) and Geotérmica Nicaragüense (€13 million).

## 11. Other operating expenses - €69 million

Millions of euro

	2014	2013 restated	Change
Net accruals to provisions for risks and charges	18	2	16
Levies and membership fees	29	28	1
Taxes and duties	15	11	4
Other operating expenses	7	4	3
<b>Total</b>	<b>69</b>	<b>45</b>	<b>24</b>

“Net accruals to provisions for risks and charges” amounted to €18 million (€2 million in 2013 restated). They comprise the accrual to the plant dismantling, restoration and retirement provision totaling €10 million, to the litigation provision in the amount of €6 million and to the local property tax provision in the amount of €5 million.

plants under specific agreements between the parties (in particular, they include amounts paid to the Region of Tuscany within the framework of the agreement implementing the protocol of understanding between Enel and the Region, which provides for the payment of a levy by Enel Green Power SpA based on total output in the previous year).

“Levies and membership fees” mainly regard amounts paid to municipalities, provinces and regions that host power

“Taxes and duties” mainly include local property tax (€12 million in 2014 and €9 million in 2013 restated).

## 12. Capitalized costs - €30 million

Millions of euro

	2014	2013 restated	Change
Personnel	26	25	1
Materials	2	3	(1)
Depreciation and amortization	2	4	(2)
<b>Total</b>	<b>30</b>	<b>32</b>	<b>(2)</b>

“Personnel”, up €1 million compared with 2013 restated, mainly regards personnel involved in the design and construction of plants.

“Depreciation and amortization” reports the capitalized portion of depreciation in respect of geothermal drilling equipment.

## 13. Net income/(charges) from commodity contracts measured at fair value - €74 million

Millions of euro

	2014	of which with related parties	2013 restated	of which with related parties	Change
Income from commodity contracts closed during the period	76	76	25	25	51
<b>Total income</b>	<b>76</b>		<b>25</b>		<b>51</b>
Expense from commodity contracts closed during the period	(2)	(2)	(3)	(3)	1
<b>Total expense</b>	<b>(2)</b>		<b>(3)</b>		<b>1</b>
<b>TOTAL NET INCOME/(EXPENSE) FROM COMMODITY CONTRACTS MEASURED AT FAIR VALUE</b>	<b>74</b>		<b>22</b>		<b>52</b>

The net income on commodity risk management is entirely attributable to charges and income on CFH derivatives con-

tracts with related parties that were closed at December 31, 2014.

## 14. Income from equity investments - €39 million

“Income from equity investments” amounted to €39 million (€39 million in 2013 restated), and comprise:

> €30 million in dividends from the 2013 net income of LaGeo SA de Cv (in which Enel Green Power SpA had a 36.2%, which was sold on December 12, 2014);

> €9 million in dividends from the Italian subsidiaries, largely Maicor Wind Srl (€4 million), Enel Green Power Calabria Srl (€3 million) and Energia Eolica Srl (€1 million).

## 15. Financial income/(expense) from derivatives - €(17) million

Millions of euro

	2014	of which with related parties	2013 restated	of which with related parties	Change
Income from fair value hedge derivatives	2	2	1	1	1
<b>Total income from derivatives</b>	<b>2</b>		<b>1</b>		<b>1</b>
Expense on cash flow hedge derivatives	(11)	(11)	(11)	(11)	-
Expense on trading derivatives and non-IAS hedge derivatives	(8)	(8)	-		(8)
<b>Total expense from derivatives</b>	<b>(19)</b>		<b>(11)</b>		<b>(8)</b>
<b>Total income/(expense) from derivatives</b>	<b>(17)</b>		<b>(10)</b>		<b>(7)</b>

For more detail on derivatives, please see note 45 “Derivatives and hedge accounting”.

## 16. Net other financial income/(expense) - €(95) million

Millions of euro

	2014	of which with related parties	2013 restated	of which with related parties	Change
Foreign exchange gains	11	11	-		11
Interest and other income from financial assets	24	18	14	12	10
<b>Total financial income</b>	<b>35</b>		<b>14</b>		<b>21</b>
Interest and other expense on financial liabilities	(130)		(121)		(9)
- long-term borrowings	(98)	(73)	(94)	(70)	(4)
- short-term borrowings	(28)	(28)	(33)	(32)	5
- other financial expense	(14)	(5)	(7)		(7)
- capitalized financial expense	10		13		(3)
<b>Total financial expense</b>	<b>(130)</b>		<b>(121)</b>		<b>(9)</b>
<b>TOTAL NET FINANCIAL INCOME/(EXPENSE)</b>	<b>(95)</b>		<b>(107)</b>		<b>12</b>

“Net financial expense” decreased by €12 million in reflection of an increase of €21 million in financial income associated with foreign exchange gains and interest income, partly offset by an increase of €9 million in financial expense.

As regards capitalized financial expense, the rate used to calculate the amount, taking account of specific and generic financing, averages 4.8%.

## 17. Income taxes - €260 million

Millions of euro

	2014	2013 restated	Change
Current taxes <sup>(1)</sup>	247	212	35
Adjustments for prior years	2	(7)	9
Deferred tax (assets)/liabilities	11	(1)	12
<b>Total</b>	<b>260</b>	<b>204</b>	<b>56</b>

(1) For 2013 restated, it does not include taxes associated with discontinued operations, which are reported under "Net income from discontinued operations" (€1 million).

"Current taxes" amounted to €247 million (€212 million in 2013 restated) and include €198 million in ordinary taxation (€164 million in 2013 restated), which is calculated by applying tax rates in force for the 2014 tax year (27.5% for corporate income tax – IRES and 4.66% for regional business tax – IRAP), €38 million (€50 million in 2013 restated) in respect of the IRES surtax, also called the "Robin Hood Tax" (6.5% in 2014 and 10.5% in 2013 restated) and €17 million in respect of the withholding tax levied on management fees in a number of foreign countries.

Developments in "Deferred tax (assets)/liabilities" mainly regard the adjustment of deferred tax assets to take account

of ruling no. 10/2015 of the Constitutional Court that found that the Robin Hood Tax was unconstitutional with effect from the day following the publication of the ruling in the *Gazzetta Ufficiale della Repubblica*.

The Company therefore calculated current taxes by applying the Robin Hood surtax, while deferred taxes were re-measured on the basis of the rate applicable at the date of their estimated reversal.

The table below reconciles the effective tax for the year with the theoretical tax, which is determined by applying the prevailing tax rate for the year to income before taxes.

Millions of euro

	2014		2013 restated	
Income before taxes	691		495	
Theoretical taxes	190	27.5%	136	27.5%
IRES surtax (Robin Hood Tax)	38	5.5%	52	10.5%
Impact of Robin Hood Tax unconstitutionality	20	2.9%	-	-
IRAP	37	5.3%	33	6.7%
Permanent differences and minor items	(25)	-3.6%	(17)	-3.5%
<b>Effective tax <sup>(1)</sup></b>	<b>260</b>	<b>37.6%</b>	<b>204</b>	<b>41.2%</b>

(1) For 2013 restated, it does not include taxes associated with discontinued operations, which are reported under "Net income from discontinued operations" (€1 million).

Permanent differences and minor items mainly report the effect of the exemption of capital gains on equity investments that qualify for the participation exemption pursuant to Article 87 of the Uniform Income Tax Code.

## 18. Net income from discontinued operations

In 2014, the price adjustment in respect of the disposal of the entire share capital of Enel.si Srl, on July 1, 2013 was recognized under the net income from discontinued operations. The adjustment was determined on the basis of changes in a number of specific items following the completion of the evaluation process on June 30, 2014, compared

with the situation at June 30, 2013.

The price paid by Enel Energia SpA in 2013 amounted to €92 million, which gave rise to the recognition of a gain of €72 million, which was recognized in net income from discontinued operations, net of tax effects (€1 million).

# Information on the Balance Sheet

## Assets

### Non-current assets

#### 19. Property, plant and equipment - €4,847 million

Developments in property, plant and equipment in 2014 are set out in the following table.

Millions of euro	Land and buildings	Plant and equipment	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Cost	1,226	7,530	28	60	418	9,262
Accumulated depreciation	(366)	(4,050)	(25)	(47)	-	(4,488)
<b>Balance at December 31, 2013 restated</b>	<b>860</b>	<b>3,480</b>	<b>3</b>	<b>13</b>	<b>418</b>	<b>4,774</b>
Capital expenditure	19	118	1	3	128	269
Capitalized borrowing costs	-	-	-	-	10	10
Depreciation	(30)	(245)	(1)	(4)	-	(280)
Impairment losses	-	-	-	-	(3)	(3)
Mergers	8	74	-	-	-	82
Assets entering service	21	209	-	22	(252)	-
Other changes	(4)	(1)	-	-	-	(5)
<b>Total changes</b>	<b>14</b>	<b>155</b>	<b>-</b>	<b>21</b>	<b>(117)</b>	<b>73</b>
Cost	1,270	7,930	29	85	301	9,615
Accumulated depreciation	(396)	(4,295)	(26)	(51)	-	(4,768)
<b>Balance at December 31, 2014</b>	<b>874</b>	<b>3,635</b>	<b>3</b>	<b>34</b>	<b>301</b>	<b>4,847</b>

The following table reports the net values at December 31, 2014 and December 31, 2013 restated of property, plant and equipment and assets under construction and advances by type.

Millions of euro	at Dec. 31, 2014	of which assets under construction and advances	at Dec. 31, 2013 restated	of which assets under construction and advances	Change
<b>Land and buildings</b>	<b>875</b>	<b>1</b>	<b>861</b>	<b>1</b>	<b>14</b>
Power plants:					
- hydroelectric	1,625	87	1,612	65	13
- geothermal	1,366	132	1,366	256	-
- wind	665	25	633	26	32
- photovoltaic	230	11	228	13	2
- other	5	1	7	6	(2)
<b>Total power plants</b>	<b>3,891</b>	<b>256</b>	<b>3,846</b>	<b>366</b>	<b>45</b>
Equipment and other assets	43	9	40	26	3
<b>Total assets in use</b>	<b>3,934</b>	<b>265</b>	<b>3,886</b>	<b>392</b>	<b>48</b>
Leasehold improvements	3	-	2	-	1
Advances	35	35	25	25	10
<b>TOTAL</b>	<b>4,847</b>	<b>301</b>	<b>4,774</b>	<b>418</b>	<b>73</b>



The increase in the item amounted to €73 million, essentially attributable to the net balance of capital expenditure (€269 million), depreciation (€280 million) and the merger with the subsidiaries Enel Green Power Canaro Srl and Enel Green Power Cutro Srl (a total of €82 million).

The following table summarizes capital expenditure in 2014 and 2013 restated by type. Investment totaled €279 million in 2014, a decrease of €27 million on 2013 restated.

Millions of euro

	2014	2013 restated	Change
<b>Power plants:</b>			
- geothermal	164	178	(14)
- hydroelectric	79	59	20
- wind	15	18	(3)
- biomass	6	-	6
- solar	5	37	(32)
<b>Other operating investments</b>	<b>10</b>	<b>14</b>	<b>(4)</b>
<b>Total</b>	<b>279</b>	<b>306</b>	<b>(27)</b>

## 20. Intangible assets - €28 million

Millions of euro	Copyrighted software	Assets under development and advances	Total
Cost	30	5	35
Accumulated amortization	(15)	-	(15)
<b>Balance at December 31, 2013 restated</b>	<b>15</b>	<b>5</b>	<b>20</b>
Capital expenditure	14	2	16
Amortization	(8)	-	(8)
<b>Total changes</b>	<b>6</b>	<b>2</b>	<b>8</b>
Cost	44	7	51
Accumulated amortization	(23)	-	(23)
<b>Balance at December 31, 2014</b>	<b>21</b>	<b>7</b>	<b>28</b>

"Copyrighted software" mainly regards software used to support operations and software needed for upgrading to corporate standards.

"Assets under development and advances" concern capitalized costs for the development of information systems used to support operations.

## 21. Goodwill - €6 million

The item is mainly composed of the goodwill of €6 million recognized in 2013 restated following the merger of Enel Green Power Portoscuso Srl into Enel Green Power SpA.

In addition, the wholly-owned subsidiaries Enel Green Power Canaro Srl and Enel Green Power Cutro Srl were merged into Enel Green Power in 2014.

The merger took legal effect as from December 1, 2014, while the accounting and tax effects will be reflected in the

financial statements of the surviving company with retrospective effect from January 1, 2014.

The transaction involved the recognition of goodwill of €0.4 million for Enel Green Power Canaro Srl and negative goodwill of €2 million, recognized in an equity reserve, for Enel Green Power Cutro Srl, since merger between companies under common control.

## 22. Deferred tax assets and deferred tax liabilities - €136 million and €9 million

The following table details changes in deferred tax assets and liabilities by type of timing difference, calculated based on the tax rates established by applicable regulations.

Millions of euro		Increase/ (Decrease) taken to income statement	of which im- pact of Robin Hood Tax	Increase/ (Decrease) ta- ken to equity	of which im- pact of Robin Hood Tax	
	at Jan. 1, 2014					at December 31, 2014
Accruals to provisions for risks and charges with deferred deductibility	24	(6)	(4)	-		18
Depreciation and amortization with deferred deductibility	106	(9)	(19)	-		97
Post-employment and other employee benefits	9	2	1	(2)	(3)	9
Derivative financial instruments	5			8	(3)	13
<b>Total deferred tax assets</b>	<b>144</b>	<b>(13)</b>	<b>(22)</b>	<b>5</b>	<b>(6)</b>	<b>136</b>
Differences in the value of property, plant and equipment and intangible assets	8	(2)	(2)	-		6
Derivative financial instruments	2	-	-	1	1	3
<b>Total deferred tax liabilities</b>	<b>10</b>	<b>(2)</b>	<b>(2)</b>	<b>1</b>	<b>1</b>	<b>9</b>

Millions of euro		Increase/(Decrease) taken to income statement	Increase/(Decrease) taken to equity	Other changes	
	at Jan. 1, 2013 restated				at December 31, 2013 restated
Accruals to provisions for risks and charges with deferred deductibility	11	13	-	-	24
Depreciation and amortization with deferred deductibility	104	2	-	-	106
Post-employment and other employee benefits	23	(14)	-	-	9
Derivative financial instruments	9	-	(4)		5
<b>Total deferred tax assets</b>	<b>147</b>	<b>1</b>	<b>(4)</b>	<b>-</b>	<b>144</b>
Differences in the value of property, plant and equipment and intangible assets	8	-	-	-	8
Derivative financial instruments	1	-	1		2
<b>Total deferred tax liabilities</b>	<b>9</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>10</b>

“Deferred tax assets” and “Deferred tax liabilities” are calculated on the basis of the tax rates in force at the date of reversal and amounted to €136 million (€144 million at December 31, 2013 restated) and €9 million (€10 million at December 31, 2013 restated), respectively.

The change in the item mainly reflects the determination of the deferred tax assets and liabilities as calculated applying

the tax rate expected at the time of reversal, therefore excluding the Robin Hood Tax after Constitutional Court ruling no. 10/2015 found that the tax was unconstitutional.

There are no deductible temporary differences or IRES losses carried forward for which no deferred tax assets have been recognized.

## 23. Equity investments - €4,592 million

Millions of euro

	Value		Carrying amount at Dec. 31, 2013	% holding	Acquisitions	Disposals/Mergers	Equity increases/Repayments	Value		Carrying amount at Dec. 31, 2014	% holding	
	Cost adjustments	restated	restated					Cost adjustments	restated			
	at December 31, 2013				Changes in 2014			at December 31, 2014				
<b>Subsidiaries</b>												
Enel Green Power International BV	4,615	-	4,615	100.00%	-	-	(430)	-	4,185	-	4,185	100.00%
Renovables de Guatemala SA	90	-	90	51.00%	-	-	2	-	92	-	92	51.00%
Enel Green Power Solar Energy Srl <sup>(1)</sup>	11	-	11	50.00%	5	-	62	(6)	78	(6)	72	100.00%
Parque Eólico Talinay Oriente SA <sup>(2)</sup>	44	-	44	34.56%	-	-	-	-	44	-	44	34.56%
PH Chucas SA <sup>(3)</sup>	44	-	44	22.17%	-	-	-	(4)	44	(4)	40	22.17%
Enel Green Power Calabria Srl	42	-	42	100.00%	-	-	-	-	42	-	42	100.00%
Maicor Wind Srl	25	-	25	60.00%	-	-	-	-	25	-	25	60.00%
Enel Green Power Partecipazioni Speciali Srl	7	-	7	100.00%	-	-	10	-	17	-	17	100.00%
Enel Green Power Finale Emilia Srl	8	-	8	70.00%	-	-	-	-	8	-	8	70.00%
Energia Eolica Srl	4	-	4	51.00%	-	-	-	-	4	-	4	51.00%
Enel Green Power San Gillio Srl	3	-	3	80.00%	-	-	-	-	3	-	3	80.00%
Enel Green Power Puglia Srl	10	(7)	3	100.00%	-	-	2	(3)	12	(10)	2	100.00%
Taranto Solar Srl	1	-	1	51.00%	-	-	-	-	1	-	1	51.00%
Enel Green Power CAI Agroenergy Srl	-	-	-	51.00%	1	-	-	-	1	-	1	100.00%
Enel Green Power Villorosi Srl	-	-	-	51.00%	-	-	1	-	1	-	1	51.00%
Enel Green Power Strambino Srl	-	-	-	60.00%	-	-	-	-	-	-	-	60.00%
Geotérmica Nica-ragüense SA	13	(13)	-	60.00%	-	-	-	-	13	(13)	-	60.00%
Enel Green Power Cutro Srl	69	-	69	100.00%	-	(69)	-	-	-	-	-	0.00%
Enel Green Power Canaro Srl	1	-	1	100.00%	-	(1)	-	-	-	-	-	0.00%
<b>Associates</b>												
Terrae Spa	15	-	15	20.00%	-	-	-	-	15	-	15	20.00%
LaGeo SA de Cv	75	-	75	36.20%	-	(75)	-	-	-	-	-	0.00%
<b>Joint ventures</b>												
PowerCrop Srl	24	-	24	50.00%	-	-	-	-	24	-	24	50.00%
3SUN Srl	99	(89)	10	33.33%	-	-	6	-	105	(89)	16	33.33%
<b>Total equity investments</b>	<b>5,200</b>	<b>(109)</b>	<b>5,091</b> <sup>(4)</sup>		<b>6</b>	<b>(145)</b>	<b>(347)</b>	<b>(13)</b>	<b>4,714</b>	<b>(122)</b>	<b>4,592</b>	

(1) In 2013, the company was held at 50%. As from July 2014, Enel Green Power SpA acquired the remaining 50%.

(2) The company is a subsidiary as Enel Green Power SpA holds 34.56% and Enel Green Power Chile Ltda holds 60.92%.

(3) The company is a subsidiary as Enel Green Power SpA holds 22.17% and Enel de Costa Rica SA holds 40.3%.

(4) The difference with respect to the amounts reported in the balance sheet is attributable to rounding into millions of euro.

“Acquisitions” mainly regard the acquisition of the remaining 50% held by the Sharp Group in Enel Green Power & Sharp Solar Energy Srl, subsequently renamed Enel Green Power Solar Energy Srl (EGP SE).

“Disposals” are entirely accounted for by the sale of 36.2% of LaGeo SA de Cv for €75 million, while “Mergers” regard the mergers of Enel Green Power Cutro Srl and Enel Green Power Canaro Srl discussed earlier.

“Equity increases/Repayments” mainly regard:

- > the repayment of reserves by Enel Green Power International BV (€652 million) as part of the financial restructuring of the North American subsidiaries;
- > the contribution of capital to Enel Green Power International BV (€222 million) in order to give the company the financial resources to carry out the recapitalization of a number of foreign subsidiaries involved in investment activities, as well as to a number of Italian companies (€19 million);

- > a recapitalization by way of the waiver of a financial receivable in respect of the subsidiary Enel Green Power Solar Energy (€62 million).

For more information on “Value adjustments”, please see note 10, “Depreciation, amortization and impairment losses”.

As regards Maicor Wind Srl, in which Enel Green Power SpA has a 60% stake, the Company has undertaken to acquire the 40% interest held by Plt Energia SpA, subject to a number of contractually specified conditions, for an amount estimated at December 31, 2014 at €11 million (€9 million at December 31, 2013), under an option (put&call) held by Plt Energia. The value of the option is equal to zero, as the strike price is comparable to the fair value.

The following table lists equity investments in subsidiaries, associates and joint ventures at December 31, 2014.

Millions of euro	Registered office	Share capital	Shareholders' equity	2014 net income/(loss)	% holding	Carrying amount
<b>Subsidiaries</b>						
Enel Green Power International BV	Netherlands	245	4,260	148	100.00%	4,185
Renovables de Guatemala SA	Guatemala	195	238	19	51.00%	92
Enel Green Power Solar Energy Srl <sup>(1)</sup>	Italy	-	68	(11)	100,00%	72
Parque Eólico Talinay Oriente SA <sup>(2)</sup>	Chile	136	157	2	34,56%	44
PH Chucas SA <sup>(3)</sup>	Costa Rica	139	124	(17)	22,17%	40
Enel Green Power Calabria Srl	Italy	-	47	2	100.00%	42
Maicor Wind Srl	Italy	21	29	6	60.00%	25
Enel Green Power Partecipazioni Speciali Srl	Italy	-	9	(4)	100.00%	17
Enel Green Power Finale Emilia Srl	Italy	10	8	-	70.00%	8
Energia Eolica Srl	Italy	5	10	2	51.00%	4
Enel Green Power San Gillio Srl	Italy	-	3	-	80.00%	3
Enel Green Power Puglia Srl	Italy	1	2	(1)	100.00%	2
Taranto Solar Srl	Italy	-	2	-	51.00%	1
Enel Green Power CAI Agroenergy Srl	Italy	-	1	-	100.00%	1
Enel Green Power Villoresi Srl	Italy	1	1	-	51.00%	1
Enel Green Power Strambino Srl	Italy	-	-	-	60.00%	-
<b>Associates</b>						
Terrae SpA <sup>(4)</sup>	Italy	19	62	(3)	15.00%	15
<b>Joint ventures</b>						
3SUN Srl	Italy	35	5	(43)	33.33%	16
PowerCrop Srl	Italy	4	26	(2)	50.00%	24
<b>Total equity investments</b>						<b>4,592</b>

(1) In 2013, the company was held at 50%. As from July 2014, Enel Green Power SpA acquired the remaining 50% of the company.

(2) The company is a subsidiary as Enel Green Power SpA holds 34.56% and Enel Green Power Chile Ltda holds 60.92%.

(3) The company is a subsidiary as Enel Green Power SpA holds 22.17% and Enel de Costa Rica SA holds 40.3%.

(4) The figures are drawn from the Terrae SpA financial statements at December 31, 2013.

The equity investments whose carrying amounts exceed the share of shareholders' equity held were not written down in view of the outlook for the profitability of those companies.

## 24. Derivatives - €(50) million (non-current) and €6 million (current)

Millions of euro	Non-current		Current	
	at Dec. 31, 2014	at Dec. 31, 2013 restated	at Dec. 31, 2014	at Dec. 31, 2013 restated
Derivative financial assets	2	6	11	-
Derivative financial liabilities	(52)	(15)	(5)	(2)
<b>Total</b>	<b>(50)</b>	<b>(9)</b>	<b>6</b>	<b>(2)</b>

For more details on the nature of derivatives reported under financial assets and liabilities, please see notes 43 "Financial instruments" and 45 "Derivatives and hedge accounting".

## 25. Other non-current financial assets - €27 million

Millions of euro	at Dec. 31, 2014	of which with related parties	at Dec. 31, 2013 restated	of which with related parties	Change
Long-term loans to employees	2		3		(1)
Other long-term financial receivables	25	25	18	18	7
<b>Total</b>	<b>27</b>		<b>21</b>		<b>6</b>

"Long-term loans to employees" are granted at market rates for the purchase of primary residences or for serious personal reasons. They are repaid by the employees in accordance with formal payment plans.

"Other long-term financial receivables" report shareholder loans to 3SUN Srl in the amount of €13 million (essentially

unchanged compared with December 31, 2013 restated), Enel Green Power Finale Emilia in the amount of €10 million (€5 million at December 31, 2013 restated) and Enel Green Power Strambino Solar Srl in the amount of €1 million (none at December 31, 2013 restated). The change mainly reflects the loan of €5 million granted to Enel Green Power Finale Emilia Srl in 2014.

## 26. Other non-current assets - €9 million

Millions of euro	at Dec. 31, 2014	of which with related parties	at Dec. 31, 2013 restated	of which with related parties	Change
Payments on account for equity investments	1		2		(1)
Cash deposits with third parties	1		1		-
Other receivables	7	3	7	3	-
<b>Total</b>	<b>9</b>		<b>10</b>		<b>(1)</b>

"Other receivables" mainly regard the IRES credit in respect of the reimbursement of excess income taxes paid as a result of the non-deduction of the part of IRAP concerning expenses for personnel (Decree Law 201/2011).

## Current assets

### 27. Inventories - €89 million

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013 restated	Change
Materials and equipment	65	21	44
Green certificates	24	22	2
<b>Total</b>	<b>89</b>	<b>43</b>	<b>46</b>

Inventories of materials and equipment amounted to €65 million (€21 million at December 31, 2013 restated) and include €49 million in photovoltaic panels purchased from 3SUN following the agreement with Sharp Corporation (€4 million at December 31, 2013 restated) and €16 million in geothermal and wind materials and equipment (€17 million at December 31, 2013).

Inventories of green certificates include €24 million in green certificates accrued and credited on the Company's certificate account but not yet sold (€22 million at December 31, 2013 restated).

### 28. Trade receivables - €358 million

Millions of euro

	at Dec. 31, 2014	of which with related parties	at Dec. 31, 2013 restated	of which with related parties	Change
Sale of electricity	136	136	130	130	6
Other receivables	222	193	278	269	(56)
<b>Total</b>	<b>358</b>		<b>408</b>		<b>(50)</b>

Receivables for the "Sale of electricity" amounted to €136 million (€130 million at December 31, 2013 restated). They regard:

- > electricity sales to the EMO through Enel Produzione SpA in the amount of €112 million (€86 million at December 31, 2013 restated);
- > electricity sales to the ESO in the amount of €9 million (€5 million at December 31, 2013 restated);
- > electricity sales and commodity risk management performed by Enel Trade for a total of €15 million (€39 million at December 31, 2013 restated).

"Other receivables" amounted to €222 million (€278 million at December 31, 2013 restated). They mainly regard trade receivables due from the Italian and foreign subsidiaries for coordination services and the construction and start-up of wind and photovoltaic plants.

Trade receivables break down by geographical area as follows.

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013 restated	Change
Italy	195	191	4
EU	60	96	(36)
Non-EU	103	121	(18)
<b>Total</b>	<b>358</b>	<b>408</b>	<b>(50)</b>



## 29. Income tax receivables - €3 million

"Income tax receivables" are mainly attributable to payments on account of the IRES surtax (€3 million at December 31, 2013 restated).

## 30. Other current financial assets - €793 million

Millions of euro

	at Dec. 31, 2014	of which with related parties	at Dec. 31, 2013 restated	of which with related parties	Change
<b>Other short-term financial assets included in net financial debt:</b>	<b>791</b>		<b>49</b>		<b>742</b>
short-term financial receivables from subsidiaries	782	782	49	49	733
short-term financial receivables from Enel SpA	9	9			9
<b>Other short-term financial assets not included in net financial debt:</b>	<b>2</b>		<b>1</b>		<b>1</b>
other short-term financial receivables from subsidiaries	1	1	1	1	-
accrued income	1	1	-		1
<b>Total</b>	<b>793</b>		<b>50</b>		<b>743</b>

The item mainly consists of receivables for short-term loans to subsidiaries:

- > Enel Green Power International BV (€237 million);
- > Enel Green Power North America (€453 million) and Enel Green Power North America Development (€82 million), as part of the restructuring of the companies of the North American subsidiaries;
- > PowerCrop (€10 million).

The loans bear interest at market rates.

"Short-term receivables from Enel SpA", equal to €9 million, regard the current account held with Enel SpA (a debtor position of €278 million at December 2013 restated).

The item also includes receivables for financial income on the derivative contract entered into for the subsidiary Ener-gia Eolica Srl.

## 31. Other current assets - €209 million

Millions of euro

	at Dec. 31, 2014	of which with related parties	at Dec. 31, 2013 restated	of which with related parties	Change
Green certificates	99	99	88	88	11
Deferred portion of costs incurred	16		17	1	(1)
Receivables for plant grants	3		5		(2)
Advances to suppliers	8		6		2
Other receivables	83	19	31	16	52
<b>Total</b>	<b>209</b>		<b>147</b>		<b>62</b>

"Green certificates" report the fair value of certificates accrued but not yet credited to the ownership account.

The item "Deferred portion of costs incurred" regards installments of public land use fees for hydroelectric plants and other fees paid in advance to be deferred to future periods.

"Receivables for plant grants" represent the portion not yet received of grants awarded by the Ministry for Economic Activities pursuant to Law 488/92.

"Other receivables" mainly regard:

- > the recognition of receivables from Sharp Corporation for the residual portion of the off-take agreement with Sharp for the output of the 3SUN Srl factory (€35 million);

- > receivables from settlement of Group VAT mechanism in the amount of €7 million (a debtor position of €35 million at December 31, 2013);
- > other receivables from subsidiaries in the amount of €10 million;
- > the receivable of €5 million from the State-owned energy company of El Salvador Inversiones Energéticas SA de Cv (INE) within the framework of the disposal of the investment in LaGeo SA de Cv.

## 32. Cash and cash equivalents - €19 million

Cash and cash equivalents comprise liquidity associated with operations. They are not restricted by encumbrances.

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013 restated	Change
Bank deposits	19	9	10
<b>Total</b>	<b>19</b>	<b>9</b>	<b>10</b>

## Liabilities

### Shareholders' equity

## 33. Shareholders' equity - €6,898 million

Shareholders' equity breaks down as follows.

### Share capital - €1,000 million

Share capital is represented by 5,000,000,000 ordinary shares with a par value of €0.20 and is entirely paid up.

At December 31, 2014, based on the shareholders register and taking due account of the notices sent to CONSOB and received by the Company pursuant to Article 120 of Legislative Decree 58 of February 24, 1998, as well as other available information, no shareholders held more than 2% of total share capital apart from Enel SpA (with 68.29% of share capital) and Norges Bank (with 2.04% held at December 11, 2014).

### Reserves - €4,643 million

#### Legal reserve - €200 million

The "legal reserve" is equal to 20% of share capital and has therefore reached the limit provided for under Article 2430 of the Civil Code.

#### Revaluation reserve - €138 million

The "revaluation reserve", established at the time of the spin-off from Enel Produzione SpA, reports the amount of the revaluation carried out in 2003 in accordance with Law 350/2003. Taxation on that reserve has been suspended (in the event of distribution, the gross amount of the reserve will be subject to ordinary taxation with recognition of a tax credit of 19%).

At present, the distribution of that reserve has been deferred indefinitely.

## Reserve from measurement of CFH financial instruments - €(25) million

Millions of euro	at Dec. 31, 2013 restated	Gains/(Losses) recognized in equity for the year	Released to income statement	Tax effect in equity	at Dec. 31, 2014
Gains/(Losses) from fair value measurement of cash flow hedges	(5)	(38)	11	7	(25)
<b>Gains/(Losses) recognized directly in equity</b>	<b>(5)</b>	<b>(38)</b>	<b>11</b>	<b>7</b>	<b>(25)</b>

As regards the hierarchy of inputs used in determining fair value, the Reserve from measurement of CFH financial instruments are classified as level 2.

## Reserve from remeasurement of defined-benefit obligation - €(8) million

The reserve reports all actuarial gains and losses, net of tax effects, on defined-benefit obligations.

## Other reserves - €4,338 million

In addition to reserves allocated to the Company at the time of the spin-off from Enel Produzione SpA, "Other reserves" include €3,700 million recognized in 2010 in respect of the receivable waived by Enel SpA.

## Retained earnings and loss carried forward - €824 million

"Retained earnings and loss carried forward" report retained earnings from previous years.

## Net income for the year - €431 million

The following table reports the availability of shareholders' equity for distribution.

Millions of euro	Amount	Possible uses	Amount available
<b>Share capital</b>	1,000		
Other	4,476	A,B,C	4,474
Legal reserve	200	B	
Reserve from measurement of CFH financial instruments	(25)		
Reserve from remeasurement of defined-benefit obligation	(8)		
Retained earnings/loss carried forward	824	A,B,C	824
<b>Total</b>	<b>6,467</b>		<b>5,298</b>
- of which amount available for distribution			5,298

A: for capital increases; B: to cover losses; C: for distribution to shareholders.

## 33.1 Dividends

The balance of the dividend for 2014 amounted to €0.032 per share, for a total of €160 million. It will be proposed to the Shareholders' Meeting called for May 8, 2015. These financial statements do not take account of the distribution to shareholders of the dividend for 2014.

The dividend for 2013 amounted to €0.032 per share, for a total of €160 million. It was paid as from May 22, 2014, with an ex-dividend date for coupon no. 4 of May 19, 2014 and a record date of May 21, 2014.

## 33.2 Capital management

The Company's objectives for managing capital comprise safeguarding the business as a going concern, creating value for stakeholders and supporting the development of the Group. In particular, the Group seeks to maintain an adequate capitalization that enables it to achieve a satisfactory return for shareholders and ensure access to external sources of financing, in part by maintaining an adequate rating. In this context, the Group manages its capital structure and

adjusts that structure when changes in economic conditions so require. There were no substantive changes in objectives, policies or processes in 2014.

To this end, the Group constantly monitors developments in the level of its debt in relation to equity. The situation at December 31, 2014 and December 31, 2013 restated is summarized in the following table.

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013 restated	Change
Non-current financial position	1,956	2,000	(44)
Net current financial position	813	1,328	(515)
Non-current financial receivables	(27)	(21)	(6)
<b>Net financial debt</b>	<b>2,742</b>	<b>3,307</b>	<b>(565)</b>
<b>Shareholders' equity</b>	<b>6,907</b>	<b>6,648</b>	<b>259</b>
<b>Debt/equity ratio</b>	<b>40%</b>	<b>50%</b>	

## Non-current liabilities

### 34. Borrowings - €1,956 million (long-term) and €1,623 million (short-term)

Millions of euro	Non-current		Current	
	at Dec. 31, 2014	at Dec. 31, 2013 restated	at Dec. 31, 2014	at Dec. 31, 2013 restated
Long-term borrowings	1,956	2,000	55	45
Short-term borrowings	-	-	1,568	1,342
<b>Total</b>	<b>1,956</b>	<b>2,000</b>	<b>1,623</b>	<b>1,387</b>

For more details on the nature of borrowings, please see note 43 "Financial instruments".

### 35. Post-employment and other employee benefits - €39 million

The Company provides its employees (including retired employees) with both post-employment benefits and other employee benefits.

These benefits include pension and severance benefits, additional months' pay for having reached age limits or eligibility for old-age pension, loyalty bonuses for achievement of seniority milestones, supplemental retirement and healthcare plans, residential electricity discounts (limited to certain retired employees) and similar benefits.

More specifically, the main post-employment defined-benefit plans are:

- > "pension benefits", which regards estimated accruals made to cover benefits due under the supplemental retirement schemes of retired managers and the benefits due to personnel under law or contract at the time the employment relationship is terminated;

- > "electricity discount", which entitles some employees to domestic electricity supplies at a reduced price. Granted until the end of 2011 to current and retired employees, following an agreement with the unions it was replaced by other benefits for current employees and today is available only to retired employees;
- > "health insurance", which entitles some current employees or retired personnel to coverage of medical expenses.

The main other long-term benefits are:

- > "loyalty bonus", which entitles employees covered by the electricity workers national collective bargaining agreement to a bonus for achievement of seniority milestones (25th and 35th year of service);
- > "incentive plans", which provide for the award to certain company managers of a monetary bonus subject to specified conditions.

The table below reports changes in post-employment benefits for defined-benefit plans and other long-term employee benefits and the reconciliation of the opening balance with the closing balance.

Millions of euro	2014					2013 restated				
	Pension benefits	Electricity discount	Health insurance	Other benefits	Total	Pension benefits	Electricity discount	Health insurance	Other benefits	Total
<b>CHANGES IN DEFINED-BENEFIT OBLIGATION</b>										
<b>Actuarial obligation at January 1</b>	<b>29</b>	<b>5</b>	<b>3</b>	<b>7</b>	<b>44</b>	<b>70</b>	<b>4</b>	<b>3</b>	<b>6</b>	<b>83</b>
Current service cost	1	-	-	-	1	3	-	-	-	3
Interest expense	1	-	-	-	1	2	-	-	-	2
Actuarial (gains)/losses arising from changes in financial assumptions	2	-	-	-	2	-	1	-	-	1
Experience adjustments	(2)	-	-	-	(2)	-	-	-	-	-
Past service cost	-	-	-	-	-	(2)	-	-	-	(2)
(Gains)/Losses arising from settlements	-	-	-	-	-	(42)	-	-	-	(42)
Payments in respect of settlements	(6)	-	-	-	(6)	(2)	-	-	-	(2)
Other changes	-	-	-	(1)	(1)	-	-	-	1	1
<b>Actuarial obligation at December 31</b>	<b>25</b>	<b>5</b>	<b>3</b>	<b>6</b>	<b>39</b>	<b>29</b>	<b>5</b>	<b>3</b>	<b>7</b>	<b>44</b>

The following tables report the impact of employee benefits on the income statement for the year ended December 31, 2014.

Millions of euro	2014	2013 restated
Service cost	1	(42)
Net interest	1	2
<b>Total</b>	<b>2</b>	<b>(40)</b>

Millions of euro	2014	2013 restated
Actuarial (gains)/losses on defined benefit plans	-	2
<b>Total</b>	<b>-</b>	<b>2</b>

The main actuarial assumptions used to determine the present value of the defined benefit obligation are set out in the following table.

Millions of euro	2014	2013 restated
Discount rate	0.50%-2.15%	0.75%-3.00%
Rate of wage increases	1.60%-3.60%	0.75%-3.00%
Rate of healthcare cost increases	2.60%	3.00%

The following table reports the outcome of a sensitivity analysis that demonstrates the effects on the defined-benefit obligation as a result of changes reasonably possible at the end of the year in the actuarial assumptions used in estimating the obligation.

Millions of euro	Pension benefits	Electricity discount	Health insurance	Other benefits	Pension benefits	Electricity discount	Health insurance	Other benefits
	2014				2013 restated			
A decrease of 0.5% in discount rate	27	5	4	3	31	6	4	3
An increase of 0.5% in discount rate	24	4	4	3	29	5	3	3
An increase of 0.5% in inflation rate	26	5	4	3	30	5	4	3
An increase of 0.5% in remuneration	26	5	4	3	30	5	4	3
An increase of 0.5% in pensions currently being paid	25	5	4	3	30	5	4	3
An increase of 1% in healthcare costs	25	5	5	3	30	5	4	3
An increase of 1 year in life expectancy of active and retired employees	25	5	4	3	59	10	7	6

The sensitivity analysis used an approach that extrapolates the effect on the defined-benefit obligation of reasonable changes in an individual assumption, leaving the other assumptions unchanged. In practice, it is unlikely that this scenario could occur, also considering the fact that changes in some assumptions could be correlated.

The methods and assumptions used in preparing the sensitivity analyses did not change compared with the previous period.

The following table reports expected benefit payments in the coming years for defined-benefit plans.

Millions of euro	at December 31, 2014	at December 31, 2013 restated
Less than 1 year	2	7
Between 1-2 years	2	2
Between 2-5 years	5	5
More than 5 years	13	13

## 36. Provisions for risks and charges (including the portion falling due within 12 months) - €76 million

The provisions for risks and charges cover liabilities that could arise from legal proceedings and other disputes, without considering the effects of judgments that are expected to be in the Company's favor and those for which any charge cannot be quantified with reasonable certainty.

In determining the balance of the provision, we have taken account of both the charges that are expected to result from

court judgments and other dispute settlements for the year and an update of the estimates for positions arising in previous years.

The provision for risks and charges at December 31, 2014 and at December 31, 2013 restated is shown in the following table, broken down into the current and non-current portions.

Millions of euro	at December 31, 2014		at December 31, 2013 restated	
	Non-current	Current	Non-current	Current
<b>Provision for litigation, risks and other charges:</b>				
- litigation	15	-	12	-
- charges for generation plants	38	-	30	1
<b>Total</b>	<b>53</b>	<b>-</b>	<b>42</b>	<b>1</b>
Provision for early retirement incentives	7	16	26	11
<b>TOTAL</b>	<b>60</b>	<b>16</b>	<b>68</b>	<b>12</b>



The following table shows changes in provisions for risks and charges.

Millions of euro	at Dec. 31, 2013 restated	Accruals	Utilization	Other changes	at Dec. 31, 2014	of which current portion
<b>Provision for litigation, risks and other charges:</b>						
- litigation	12	6	-	(3)	15	
- charges for generation plants	31	16	(9)	-	38	
<b>Total</b>	<b>43</b>	<b>22</b>	<b>(9)</b>	<b>(3)</b>	<b>53</b>	
Provision for early retirement incentives	37	2	(5)	(11)	23	16
<b>Total provisions for risks and charges</b>	<b>80</b>	<b>24</b>	<b>(14)</b>	<b>(14)</b>	<b>76</b>	<b>16</b>

### Litigation provision - €15 million

The litigation provision covers contingent liabilities that could arise in respect of pending litigation and other disputes. It includes an estimate of the potential liability relating to disputes that arose during the period, as well as revised estimates of the potential costs associated with disputes initiated in prior periods. The estimates are based on the opinions of internal and external legal counsel.

### Provisions for charges for generation plants - €38 million

They regard the following provisions.

#### Provision for environmental charges - €10 million

The provision reports the probable costs that the Company will incur for pollution cleanup and restoration of original environmental conditions where its activities harm the environment.

#### Provision for local property tax - €9 million

The provision reports the estimated liability from tax disputes concerning local property tax. It reports the estimated charge for additional taxes in respect of disputes that arose during the year as well as updates of estimates for positions from previous years.

### Other provisions - €19 million

Other provisions mainly comprise the provision for plant decommissioning and site restoration environmental charges, which represents the estimated future costs to be incurred for plant dismantling and restoration of sites to their original state where there is a statutory, contractual or constructive obligation for such remediation action.

### Provision for early retirement incentives - €23 million

The provision for early retirement incentives reflects accruals in respect of the mechanism envisaged under Article 4 of Law 92/2012 (the Fornero Act). It declined by €14 million with respect to the previous year, the net effect of accruals (€2 million), uses (€5 million) and reversals and other changes (€11 million). On September 6, 2013, Enel Green Power, together with the other Enel Group companies affected by the agreement with the unions in May 2012 concerning the implementation procedures of the Fornero Act, had signed an implementing agreement with the unions defining the number of employees involved (235) in the new termination program (to be carried out in 2013 and 2014 and completed by January 1, 2015) and specifying the benefits to which the employees will be entitled. As from that date, Enel Green Power's proposal became irrevocable and the provision was therefore recognized.

## 37. Other non-current liabilities - €55 million

The item is composed of €51 million in levies to be paid to municipalities in Tuscany that host geothermal plants under the provisions of Article 4 of the agreement implementing the protocol of understanding of December 20, 2007 (€60 million at December 31, 2013 restated). More specifically, that agreement, signed in April 2010, provides for Enel Green Power SpA to pay local authorities a levy (based on

the number of authorized megawatts) over the life of the plant for environmental and territorial compensation.

The item also reports a liability of €4 million (€1 million at December 31, 2013 restated) in respect of early retirement incentives due to employees under the agreement in implementation of Article 4 of the Fornero Act.

## 38. Trade payables - €247 million

Millions of euro

	at Dec. 31, 2014	of which with related parties	at Dec. 31, 2013 restated	of which with related parties	Change
<b>Trade payables:</b>					
- for invoices to be received	168	85	184	100	(16)
- for invoices received	79	37	131	54	(52)
<b>Total</b>	<b>247</b>		<b>315</b>		<b>(68)</b>

“Trade payables” include €125 million in payables due to third parties (€161 million at December 31, 2013 restated) and €122 million in payables due to related parties (€154 million at December 31, 2013 restated).

Payables due to third parties mainly regard payables due to suppliers for purchases of materials, equipment, tenders and sundry services.

Payables due to related parties mainly regard services provided by Enel Group companies, including:

- > €21 million in respect of service contracts with Enel Italia Srl (formerly Enel Servizi Srl), mainly the global service arrangement, administration, human resource administration and other services contracts (€50 million at December 31, 2013 restated);

- > €19 million in respect of the assignment of receivables by Enel Green Power SpA suppliers to Enel.Factor SpA (€14 million at December 31, 2013 restated);

- > €35 million in respect of the energy management and other services provided by Enel Produzione SpA (€29 million at December 31, 2013 restated);

- > €16 million for electricity purchases from Enel Energia (€8 million);

- > €8 million for management fees, service fees and other services provided by Enel SpA (€4 million at December 31, 2013 restated).

Trade payables break down by geographical area as follows.

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013 restated	Change
<b>Customers</b>			
Italy	233	291	(58)
EU	14	23	(9)
Non-EU	-	1	(1)
<b>Total</b>	<b>247</b>	<b>315</b>	<b>(68)</b>

In view of the short-term nature of trade payables, an analysis of their maturity structure is not considered material.

## 39. Income tax payables - €31 million

"Income tax payables" regard the liability of €31 million for income tax payables due to the Parent Company, Enel SpA, as part of the consolidated taxation mechanism (€3 million at December 31, 2013 restated).

At December 31, 2013 restated, the item reported the IRAP liability of €1 million and the liability for the IRES surtax of €1 million.

## 40. Other current financial liabilities - €30 million

Millions of euro

	at Dec. 31, 2014	of which with related parties	at Dec. 31, 2013 restated	of which with related parties	Change
Current accrued financial expense	16	14	15	13	1
Other financial payables	14	14	15	15	(1)
<b>Total</b>	<b>30</b>		<b>30</b>		<b>-</b>

"Current accrued financial expense" mainly regards loans from Enel Green Power International BV, the intercompany current account with Enel SpA and the EIB loan.

"Other financial payables" mainly regard interest income on the intercompany current account with Enel SpA in the amount of €13 million (€15 million at December 31, 2013 restated).

## 41. Net financial position and long-term financial receivables and securities - €2,742 million

The following table reconciles the "Net financial position and long-term financial receivables and securities" with the items of the balance sheet.

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013 restated	Change
Long-term borrowings	1,956	2,000	(44)
Short-term borrowings	1,568	1,341	227
Current portion of long-term borrowings	55	45	10
Non-current financial assets included in debt	(27)	(21)	(6)
Current financial assets included in debt	(791)	(49)	(742)
Cash and cash equivalents	(19)	(9)	(10)
<b>Total</b>	<b>2,742</b>	<b>3,307</b>	<b>(565)</b>

Pursuant to the CONSOB instructions of July 28, 2006, the following table reports the net financial position at December 31, 2014 and December 31, 2013 restated, reconciled

with net financial debt as provided for in the presentation methods of the Enel Green Power Group.

Millions of euro

	at Dec. 31, 2014	of which with related parties	at Dec. 31, 2013 restated	of which with related parties
<b>Liquidity</b>	<b>19</b>		<b>9</b>	
<b>Short-term financial receivables</b>	<b>791</b>	<b>791</b>	<b>49</b>	<b>49</b>
Short-term portion of non-current financial debt	(55)		(45)	
Other short-term financial payables	(1,568)	(1,562)	(1,341)	(1,336)
<b>Short-term financial debt</b>	<b>(1,623)</b>		<b>(1,386)</b>	
<b>Net current financial position</b>	<b>(813)</b>		<b>(1,328)</b>	
Non-current bank debt	(756)		(800)	
Other non-current debt	(1,200)	(1,200)	(1,200)	(1,200)
<b>Non-current financial debt</b>	<b>(1,956)</b>		<b>(2,000)</b>	
<b>Non-current financial position</b>	<b>(1,956)</b>		<b>(2,000)</b>	
<b>NET FINANCIAL POSITION as per CONSOB instructions</b>	<b>(2,769)</b>		<b>(3,328)</b>	
Long-term financial receivables and securities	27	25	21	18
<b>NET FINANCIAL DEBT</b>	<b>(2,742)</b>		<b>(3,307)</b>	

The improvement in the net financial position compared with the previous year is mainly attributable to the financial

restructuring of the North America companies, as discussed in the section "Significant events".

## 42. Other current liabilities - €107 million

Millions of euro

	at Dec. 31, 2014	of which with related parties	at Dec. 31, 2013 restated	of which with related parties	Change
Payables for urbanization fees	26		27		(1)
Payables due to employees	17		13		4
Payables due to social security institutions	11		9		2
Payables for license fees for public lands, water diversions and drainage basins	4		7		(3)
Other current liabilities	49	6	82	45	(33)
<b>Total</b>	<b>107</b>		<b>138</b>		<b>(31)</b>

"Payables for urbanization fees" report the liability in respect of local authorities hosting power plants for fees associated with urbanization and other works in areas affected by the construction of the plants. In particular, the item regards amounts payable to municipalities in Tuscany hosting geothermal plants under the provisions of Article 3 of the agreement implementing the protocol of understanding signed on December 20, 2007, which provides for the payment of a levy by Enel Green Power SpA based on total output in the previous year.

"Payables due to social security institutions" include contributions charged to the Company in respect of employee compensation for December 2014 to be paid in January 2015, as well as the contributions for termination benefits to be paid into the pension fund for senior Enel Group managers (Fondenel) and the pension fund for Enel Group em-

ployees (Fopen), as well as other amounts due to personnel, such as pay for holidays accrued but not taken and overtime.

"Payables for license fees for public lands" include license fees for water diversions, public lands, mountain and river drainage basins due for concessions to use public waters for hydroelectric purposes.

"Other current liabilities" mainly comprise liabilities due to third parties in the amount of €43 million (€37 million at December 31, 2013 restated) and liabilities due to Group companies in the amount of €6 million (€45 million at December 31, 2013 restated). The change in liabilities due to Group companies mainly reflects the VAT position in respect of Enel SpA (a creditor position of €7 million at December 31, 2014 and a debtor position of €35 million at December 31, 2013 restated).

## 43. Financial instruments

This note provides disclosures that enable users to assess the significance of financial instruments for the Company's financial position and performance.

### 43.1 Financial assets by category

The following table reports the carrying amount for each category of financial asset provided for under IAS 39, broken down into current and non-current financial assets, showing hedging derivatives and derivatives measured at fair value through profit or loss separately.

Millions of euro	Non-current		Current	
	at Dec. 31, 2014	at Dec. 31, 2013 restated	at Dec. 31, 2014	at Dec. 31, 2013 restated
<b>Loans and receivables</b>	27	21	1,170	467
Derivative financial assets at FVTPL	2	1	-	-
<b>Total financial assets at fair value through profit or loss</b>	<b>2</b>	<b>1</b>	<b>-</b>	<b>-</b>
Cash flow hedge derivatives	-	5	11	-
<b>Total derivative financial assets designated as hedging instruments</b>	<b>-</b>	<b>5</b>	<b>11</b>	<b>-</b>
<b>TOTAL</b>	<b>29</b>	<b>27</b>	<b>1,181</b>	<b>467</b>

#### 43.1.1 Loans and receivables

The following table shows loans and receivables by nature, broken down into current and non-current financial assets.

Millions of euro	Non-current		Current	
	at Dec. 31, 2014	at Dec. 31, 2013 restated	at Dec. 31, 2014	at Dec. 31, 2013 restated
Cash and cash equivalents	-	-	19	9
Trade receivables	-	-	358	408
Other current financial assets	-	-	793	50
Other non-current financial assets	27	21	-	-
<b>Total</b>	<b>27</b>	<b>21</b>	<b>1,170</b>	<b>467</b>

Trade receivables from customers amounted to €358 million at December 31, 2014 (€408 million at December 31, 2013 restated).

Note 44 "Risk management" provides a breakdown of the ageing of past-due but unimpaired receivables due from third parties.

### 43.1.2 Derivative financial assets

The following table shows the notional amount and fair value of derivative financial assets, by type of hedge relationship and hedged risk, broken down into current and non-current financial assets.

Millions of euro	Non-current					Current				
	Notional amount		Fair value		Change	Notional amount		Fair value		Change
	at Dec. 31, 2014	at Dec. 31, 2013 restated	at Dec. 31, 2014	at Dec. 31, 2013 restated		at Dec. 31, 2014	at Dec. 31, 2013 restated	at Dec. 31, 2014	at Dec. 31, 2013 restated	
<b>Derivatives designated as hedging instruments:</b>										
<b>Cash flow hedges:</b>										
- on interest rate risk	-	160	-	5	(5)	-	-	-	-	-
- on commodity risk	-	-	-	-	-	273	-	11	-	11
<b>Total</b>	<b>-</b>	<b>160</b>	<b>-</b>	<b>5</b>	<b>(5)</b>	<b>273</b>	<b>-</b>	<b>11</b>	<b>-</b>	<b>11</b>
<b>Derivatives at FVTPL:</b>										
- on interest rate risk	24	25	2	1	1	-	-	-	-	-
<b>Total</b>	<b>24</b>	<b>25</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL DERIVATIVE FINANCIAL ASSETS</b>	<b>24</b>	<b>185</b>	<b>2</b>	<b>6</b>	<b>(4)</b>	<b>273</b>	<b>-</b>	<b>11</b>	<b>-</b>	<b>11</b>

As regards the hierarchy of inputs used in determining fair value, the derivatives are all classified as level 2. For more details on derivative financial assets, please see note 45 "Derivatives and hedge accounting".

### 43.2 Financial liabilities by category

The following table shows the carrying amount for each category of financial liability provided for under IAS 39, broken down into current and non-current financial liabilities,

showing hedging derivatives and derivatives measured at fair value through profit or loss separately.

Millions of euro	Non-current		Current	
	at Dec. 31, 2014	at Dec. 31, 2013 restated	at Dec. 31, 2014	at Dec. 31, 2013 restated
<b>Financial liabilities measured at amortized cost</b>	<b>1,956</b>	<b>2,000</b>	<b>1,870</b>	<b>1,702</b>
<b>Financial liabilities at fair value through profit or loss</b>				
Derivative financial liabilities at FVTPL	2	1	5	-
<b>Total financial liabilities at fair value through profit or loss</b>	<b>2</b>	<b>1</b>	<b>5</b>	<b>-</b>
<b>Derivative financial liabilities designated as hedging instruments</b>				
Cash flow hedge derivatives	50	14	-	2
<b>Total derivative financial liabilities designated as hedging instruments</b>	<b>50</b>	<b>14</b>	<b>-</b>	<b>2</b>
<b>TOTAL</b>	<b>2,008</b>	<b>2,015</b>	<b>1,875</b>	<b>1,704</b>



## 43.2.1 Financial liabilities measured at amortized cost

The following table shows financial liabilities at amortized cost by nature, broken down into current and non-current financial liabilities.

Millions of euro	Non-current		Current	
	at Dec. 31, 2014	at Dec. 31, 2013 restated	at Dec. 31, 2014	at Dec. 31, 2013 restated
Long-term borrowings	1,956	2,000	-	-
Short-term portion of long-term borrowings	-	-	55	45
Short-term borrowings	-	-	1,568	1,341
Trade payables	-	-	247	315
<b>Total</b>	<b>1,956</b>	<b>2,000</b>	<b>1,870</b>	<b>1,701</b>

## Borrowings

### Long-term borrowings (including the current portion due within 12 months) - €2,011 million

The following table shows the nominal values, carrying amounts and fair values of long-term borrowings at December 31, 2014, in millions of euro and other currencies, including the portion falling due within twelve months, grouped by type of borrowing and type of interest rate.

Millions of euro	Nominal value	Carrying amount	Current portion	Portion due in more than 12 months	Fair value	at Dec. 31, 2013 restated					Change
						Nominal value	Carrying amount	Current portion	Portion due in more than 12 months	Fair value	
	<b>at Dec. 31, 2014</b>					<b>at Dec. 31, 2013 restated</b>					
- fixed rate	306	306	3	303	360	300	300	-	300	294	6
- floating rate	505	505	52	453	524	545	545	45	500	537	(40)
<b>Total</b>	<b>811</b>	<b>811</b>	<b>55</b>	<b>756</b>	<b>884</b>	<b>845</b>	<b>845</b>	<b>45</b>	<b>800</b>	<b>831</b>	<b>(34)</b>
- fixed rate	1,200	1,200	-	1,200	1,612	1,200	1,200	-	1,200	1,403	-
<b>Total</b>	<b>1,200</b>	<b>1,200</b>	<b>-</b>	<b>1,200</b>	<b>1,612</b>	<b>1,200</b>	<b>1,200</b>	<b>-</b>	<b>1,200</b>	<b>1,403</b>	<b>-</b>
<b>Total fixed-rate borrowings</b>	<b>1,506</b>	<b>1,506</b>	<b>3</b>	<b>1,503</b>	<b>1,972</b>	<b>1,500</b>	<b>1,500</b>	<b>-</b>	<b>1,500</b>	<b>1,697</b>	<b>6</b>
<b>Total floating-rate borrowings</b>	<b>505</b>	<b>505</b>	<b>52</b>	<b>453</b>	<b>524</b>	<b>545</b>	<b>545</b>	<b>45</b>	<b>500</b>	<b>537</b>	<b>(40)</b>
<b>TOTAL</b>	<b>2,011</b>	<b>2,011</b>	<b>55</b>	<b>1,956</b>	<b>2,496</b>	<b>2,045</b>	<b>2,045</b>	<b>45</b>	<b>2,000</b>	<b>2,234</b>	<b>(34)</b>

As regards the hierarchy of inputs used in determining fair value, the above liabilities are classified as level 2.

The following table reports long-term borrowings broken down by currency and interest rate.

## Long-term borrowings by currency and interest rate

Millions of euro	Balance	Nominal value	Balance	Current average interest rate	Current effective interest rate
	at Dec. 31, 2014		at Dec. 31, 2013 restated	at Dec. 31, 2014	
<b>Euro</b>	<b>2,011</b>	<b>2,011</b>	<b>2,045</b>	<b>4.49%</b>	<b>4.49%</b>
<b>Total non-euro currencies</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>TOTAL</b>	<b>2,011</b>	<b>2,011</b>	<b>2,045</b>		

Long-term borrowing, including the current portion, decreased by €34 million compared with 2013 restated.

The decline is essentially the net balance of the repayment of loans from the EIB in the amount of €27 million and from Banca Intesa Sanpaolo in the amount of €18 million

and new loans obtained from Banca Intesa Sanpaolo in the amount of €11 million.

The following table shows the characteristics of the main long-term borrowings obtained in 2014.

## New borrowing

Type of borrowing	Lender	Issue date	Issue amount (millions of euro)	Currency	Interest rate	Interest rate type	Maturity
Sasso2 loan	Intesa Sanpaolo	25/11/2014	6	EUR	0.50%	Fixed rate	31/12/2016
Sasso2 loan	Intesa Sanpaolo	25/11/2014	5	EUR	0.68%	Floating rate	31/12/2016
<b>Total</b>			<b>11</b>				

## Short-term borrowings - €1,568 million

The following table shows short-term borrowings at December 31, 2014, broken down by nature.

Millions of euro	at Dec. 31, 2014	at Dec. 31, 2013 restated	Change
<b>Short-term borrowings</b>	<b>1,494</b>	<b>1,003</b>	<b>491</b>
From subsidiaries and associates	989	998	(9)
From Enel Group companies	500	-	500
From third parties	5	5	-
<b>Intercompany current account</b>	<b>74</b>	<b>338</b>	<b>(264)</b>
In respect of Italian development companies	74	60	14
In respect of Enel SpA	-	278	(278)
<b>Total</b>	<b>1,568</b>	<b>1,341</b>	<b>227</b>

The fair value of short-term borrowings is equivalent to their carrying amount as the impact of discounting is not material.

"Short-term borrowings" increased by €227 million, mainly due to a new revolving credit facility obtained from an

Enel Group company (Enel Finance International NV) in the amount of €500 million, partly offset by the change in the position on the current account with Enel SpA (a creditor position of €9 million at December 31, 2014 and a debtor position of €278 million at December 31, 2013 restated).

## 43.2.2 Derivative financial liabilities

The following table shows the notional amount and the fair value of derivative financial liabilities, by type of hedge relationship and hedged risk, broken down into current and non-current financial liabilities.

Millions of euro	Non-current					Current				
	Notional amount		Fair value		Change	Notional amount		Fair value		Change
	at Dec. 31, 2014	at Dec. 31, 2013 restated	at Dec. 31, 2014	at Dec. 31, 2013 restated		at Dec. 31, 2014	at Dec. 31, 2013 restated	at Dec. 31, 2014	at Dec. 31, 2013 restated	
<b>Derivatives designated as hedging instruments</b>										
<b>Cash flow hedges:</b>										
- on interest rate risk	500	385	46	12	34	-	-	-	-	-
- on commodity risk	-	-	-	-	-	65	435	-	2	(2)
- on put option	13	12	4	2	2	-	-	-	-	-
<b>Total</b>	<b>513</b>	<b>397</b>	<b>50</b>	<b>14</b>	<b>36</b>	<b>65</b>	<b>435</b>	<b>-</b>	<b>2</b>	<b>(2)</b>
<b>Derivatives at FVTPL:</b>										
- on interest rate risk	24	25	2	1	1	-	-	-	-	-
- on foreign exchange risk	-	-	-	-	-	535	1	5	-	-
<b>Total</b>	<b>24</b>	<b>25</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>535</b>	<b>1</b>	<b>5</b>	<b>-</b>	<b>-</b>
<b>TOTAL DERIVATIVE FINANCIAL LIABILITIES</b>	<b>537</b>	<b>422</b>	<b>52</b>	<b>15</b>	<b>37</b>	<b>600</b>	<b>436</b>	<b>5</b>	<b>2</b>	<b>(2)</b>

As regards the hierarchy of inputs used in determining fair value, the derivatives are all classified as level 2 with the exception of the option to purchase the interest held in Renovables de Guatemala SA, which is classified as level 3. The change in the value of the option for the purchase of

the holding in Renovables de Guatemala SA is mainly associated with the rise in forward US dollar/euro exchange rates and a decline in the long-term risk-free rate. For more details, please see note 45 "Derivatives and hedge accounting".

## 44. Risk management

### 44.1 Financial risk management objectives and policies

For more information on financial risk management objectives and policies, please see the comments in the notes to the consolidated financial statements.

### 44.2 Market risks

For more information on "market risks", please see the comments in the notes to the consolidated financial statements.

#### Interest rate risk

For more information on "interest rate risk", please see the comments in the notes to the consolidated financial statements.

The following table shows the notional amount of interest rate derivatives at December 31, 2014 and December 31, 2013 restated, broken down by type of contract.

Millions of euro	Notional amount	
	at Dec. 31, 2014	at Dec. 31, 2013 restated
Fixed-to-floating interest rate swaps	548	595
<b>Total</b>	<b>548</b>	<b>595</b>

For more details on interest rate derivatives, please see note 45 "Derivatives and hedge accounting".

The amount of floating-rate debt that is not hedged against interest rate risk is the main risk factor that could impact the income statement (raising borrowing costs) in the event of an increase in market interest rates.

At December 31, 2014, an analysis of long-term financial debt found that 25% was floating rate (27% at December 31, 2013 restated) and was 100% hedged by derivatives in cash flow hedges.

Fluctuations in interest rates on floating-rate long-term debt therefore have no impact on profit or loss in terms of greater borrowing costs.

This result is in line with the limits established in the risk management policy.

## Interest rate risk sensitivity analysis

Enel Green Power SpA analyzes the sensitivity of its exposure by estimating the effects of a change in interest rates on the portfolio of financial instruments.

More specifically, sensitivity analysis measures the potential impact of market scenarios on equity for cash flow hedge derivatives.

These scenarios are represented by parallel increases and decreases in the yield curve as at the reporting date.

With all other variables held constant, the Group's profit before tax would be affected as follows.

Millions of euro	at Dec. 31, 2014		at Dec. 31, 2013 restated		
	Increase/Decrease in basis points	Pre-tax impact on income	Pre-tax impact on equity	Pre-tax impact on income	Pre-tax impact on equity
Change in fair value of financial derivatives designated as hedging instruments					
Cash flow hedges	+25bp	-	9	-	9
	-25bp	-	(9)	-	(9)

There were no changes compared with the previous period in the methods and assumptions used in the sensitivity analysis.

## Foreign exchange risk

For more information on "Foreign exchange risk", please

see the comments in the notes to the consolidated financial statements.

The following table shows the notional amount of transactions outstanding at December 31, 2014 and December 31, 2013, broken down by type of hedge instrument.

Millions of euro	Notional amount	
	at Dec. 31, 2014	at Dec. 31, 2013
Currency forwards	535	1
<b>Total</b>	<b>535</b>	<b>1</b>

For more details, please see note 45 "Derivatives and hedge accounting".

An analysis of Enel Green Power SpA's debt shows that the Company does not have financial liabilities denominated in any currency other than the euro.

The Company has a financial receivable in respect of its two North American subsidiaries denominated in US dollars, which it has hedged against foreign exchange risk with a currency forward.

However, there is a small residual exposure to foreign exchange risk associated with cash in US dollars held by Enel Green Power International BV. The risk is cancelled at the level of the consolidated financial statements.

This result is in line with the limits established in the risk management policy.

## Foreign exchange risk sensitivity analysis

Enel Green Power SpA analyzes the sensitivity of its exposure by estimating the effects of a change in exchange rates on the portfolio of financial instruments.

More specifically, sensitivity analysis measures the potential impact of market scenarios on profit or loss for derivatives that do not qualify for hedge accounting.

These scenarios are represented by the appreciation/depreciation of the euro against all of the foreign currencies compared with the value observed as at the reporting date.

With all other variables held constant, the Group's profit before tax would be affected as follows.

Millions of euro	Increase/Decrease in foreign currencies	at Dec. 31, 2014		at Dec. 31, 2013 restated	
		Pre-tax impact on income	Pre-tax impact on equity	Pre-tax impact on income	Pre-tax impact on equity
	10%	49	-	-	-
Euro/dollar	(10%)	(59)	-	-	-

There were no changes compared with the previous period in the methods and assumptions used in the sensitivity analysis.

## Commodity risk

Various types of derivative are used to reduce the exposure to fluctuations in electricity prices, especially contracts for differences and swaps.

The exposure is linked to changes in electricity prices, essentially in respect of electricity sales at variable prices (Power Exchange).

For sales on the Power Exchange, Enel Green Power SpA uses two-way contracts for differences with Enel Trade SpA, under which differences are paid to the counterparty if the Single National Price (SNP) exceeds the strike price and to Enel Green Power SpA in the opposite case. Such contracts do not have a fixed premium and they are normally entered into in the year prior to delivery of the power.

Any residual exposure in respect of sales on the Power Exchange not hedged through two-way contracts for differences is quantified and managed on the basis of greater certainty concerning expected production volumes, with possible additional hedging at shorter maturities.

The Company analyzes all electricity contracts in order to determine whether they qualify as derivative contracts to be measured pursuant to IAS 39 or if, while not qualifying as derivatives, they contain embedded derivatives that must be measured pursuant to IAS 39.

At present, there are no embedded derivatives, while contracts that qualify as derivatives have been measured appropriately.

The following table shows the notional amount of transactions outstanding at December 31, 2014 and December 31, 2013 restated, broken down by type of instrument.

Millions of euro	Notional amount	
	at Dec. 31, 2014	at Dec. 31, 2013 restated
CFD	339	435
<b>Total</b>	<b>339</b>	<b>435</b>

For more details, please see note 45 "Derivatives and hedge accounting".

## Sensitivity analysis of commodity risk

The following table reports the fair value that contracts would have in the case of a change in the prices of the underlying risk factors, with all other variables held constant.

The impact on equity is due to the effect of an increase/decrease of 10% in power prices on the fair value of the derivatives.

The Company's exposure to changes in the prices of other commodities is not material.

Millions of euro	at Dec. 31, 2014		at Dec. 31, 2013 restated		
	Increase/Decrease in commodity prices	Pre-tax impact on income	Pre-tax impact on equity	Pre-tax impact on income	Pre-tax impact on equity
CFD	10%		(11)		(11)
	(10%)		32		9

### 44.3 Credit risk

For more information on "Credit risk", please see the comments in the notes to the consolidated financial statements.

An indicator of the maximum exposure to credit risk for the components of the balance sheet at December 31, 2014 and December 31, 2013 restated is given by their carrying amount, as discussed in the section "Financial instruments".

#### Concentration of customer credit risk

Enel Green Power SpA's exposure to credit risk is significantly concentrated with Enel Group companies and its own subsidiaries, which account for about 73% of total receivables (78% at December 31, 2013 restated).

#### Financial assets past due but unimpaired

The following table reports the ageing of receivables, indicating any impairment where applicable.

Millions of euro	at Dec. 31, 2014	of which government entities
<b>Trade receivables not past due and unimpaired</b>	<b>31</b>	<b>20</b>
<b>Trade receivables past due but unimpaired</b>	<b>9</b>	<b>5</b>
- less than 3 months	4	2
- from 3 to 6 months	1	1
- from 6 to 12 months	2	1
- from 12 to 24 months	2	1
<b>Total</b>	<b>40</b>	<b>25</b>

### 44.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The objectives of liquidity risk management policies are:

- > ensuring an appropriate level of liquidity for the Company, minimizing the associated opportunity cost;
- > maintaining a balanced debt structure in terms of the maturity profile and funding sources.

Enel Green Power SpA uses the centralized treasury management services of Enel SpA, thereby ensuring access to money and capital markets and the timely management of any excess liquidity.

The Company has the following borrowing facilities, undrawn at December 31, 2014.

Millions of euro	at Dec. 31, 2014		at Dec. 31, 2013 restated	
	Expiring within one year	Expiring beyond one year	Expiring within one year	Expiring beyond one year
Committed credit lines	1,211	500	1,924	-
<b>Total</b>	<b>1,211</b>	<b>500</b>	<b>1,924</b>	<b>-</b>

The main development in 2014 regards the long-term credit line with Enel Finance International NV in the amount of €500 million, which was undrawn at December 2014.



## Maturity analysis

The table below summarizes the maturity profile of the Company's financial liabilities based on undiscounted contractual payments.

Millions of euro	Maturing in				
	Less than 3 months	From 3 months to 1 year	From 1 to 2 years	From 2 to 5 years	More than 5 years
<b>Bank borrowings:</b>					
- fixed rate	-	3	18	49	236
- floating rate	5	52	110	79	265
<b>Total</b>	<b>5</b>	<b>55</b>	<b>128</b>	<b>128</b>	<b>501</b>
<b>Non-bank borrowings:</b>					
- fixed rate	-	-	-	-	1,200
- floating rate	-	1,562	-	-	-
<b>Total</b>	<b>-</b>	<b>1,562</b>	<b>-</b>	<b>-</b>	<b>1,200</b>

## 45. Derivatives and hedge accounting

### 45.1 Hedge accounting

Derivatives are initially recognized at fair value, on the trade date of the contract and are subsequently re-measured at their fair value.

The method for recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged. Hedge accounting is applied to derivatives entered into in order to reduce risks such as interest rate risk, exchange rate risk, commodity risk, credit risk and equity risk when all the criteria provided by IAS 39 are met.

At the inception of the transaction the Company documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy. The Company also analyzes, both at hedge inception and on an ongoing systematic basis, the effectiveness of hedges using prospective and retrospective tests in order to determine whether hedging instruments are highly effective in offsetting changes in fair values or cash flows of hedged items.

Depending on the nature of the risks to which it is exposed, the Company designates derivatives as hedging instruments in one of the following hedge relationships.

- > cash flow hedge derivatives in respect of the risk of: i) changes in the cash flows associated with long-term floating-rate debt; ii) changes in the exchange rates associated with long-term debt denominated in a currency other than the currency of account or the functional currency in which the company holding the financial liability operates; iii) changes in the price of fuels denominated

in a foreign currency; iv) changes in the price of forecast variable-price electricity sales; v) changes in the price of transactions in coal and petroleum commodities;

- > fair value hedge derivatives involving the hedging of exposures to changes in the fair value of an asset, a liability or a firm commitment attributable to a specific risk;
- > derivative hedging a net investment in a foreign operation (NIFO), involving the hedging of exposures to exchange rate volatility associated with investments in foreign entities.

For more details on the nature and the extent of risks arising from financial instruments to which the Company is exposed, please see note 44 "Risk management".

### Cash flow hedges

Cash flow hedges are applied in order to hedge the Company's exposure to changes in future cash flows that are attributable to a particular risk associated with an asset, a liability or a highly probable transaction that could affect profit or loss.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Amounts accumulated in equity are reclassified to profit or loss in the period when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

The Company currently uses these hedge relationships to minimize the volatility of profit or loss, adopting interest rate swaps and CFD. The Company does not currently use fair value hedges and hedges of a net investment in a foreign operation (NIFO).

The following table shows the notional amount and the fair value of hedging derivatives classified on the basis of the type of hedge relationship.

The notional amount of a derivative contract is the amount on the basis of which cash flows are exchanged. This amount can be expressed as a value or a quantity (for example tons, converted into euros by multiplying the notional amount by the agreed price). Amounts denominated in currencies other than the euro are converted at the end-year exchange rates provided by the European Central Bank.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2014	at Dec. 31, 2013	at Dec. 31, 2014	at Dec. 31, 2013	at Dec. 31, 2014	at Dec. 31, 2013	at Dec. 31, 2014	at Dec. 31, 2013
<b>Derivatives</b>								
<b>Cash flow hedges:</b>								
- on interest rate risk	-	160	-	6	500	385	(45)	(12)
- on commodity risk	338	435	10	(2)	-	-	-	-
<b>Total</b>	<b>338</b>	<b>595</b>	<b>10</b>	<b>4</b>	<b>500</b>	<b>385</b>	<b>(45)</b>	<b>(12)</b>

For more on the classification of hedging derivatives as non-current or current assets and non-current or current liabilities, please see note 43 "Financial instruments".

## Hedge relationships by type of risk hedged

At December 31, 2014, the Company had cash flow hedge positions where the main hedge instruments were interest rate swaps designed to hedge the future cash flows associ-

ated with long-term borrowings exposed to changes in interest rates. This exposure is the main risk factor owing to its potentially adverse impact on profit or loss. At December 31, 2014 the notional amount of derivatives classified as cash flow hedges amounted to €838 million, with a corresponding positive fair value of €10 million and a negative fair value of €45 million.

### 45.1.1 Interest rate risk

The following table shows the notional amount and the fair value of the hedging instruments on interest rate risk of transactions outstanding as at December 31, 2014 and December 31, 2013, broken down by type of hedged item.

Millions of euro		Fair value	Notional amount	Fair value	Notional amount
Hedging instrument	Hedged item	at Dec. 31, 2014		at Dec. 31, 2013	
Interest rate swaps	Floating rate bank borrowings	(45)	500	(6)	545
<b>Total</b>		<b>(45)</b>	<b>500</b>	<b>(6)</b>	<b>545</b>

The notional amount of cash flow hedge derivatives is €500 million. The change with respect to the notional at December 31, 2013 is attributable to a natural decline in the amortization of the outstanding interest rate swaps. At December 31, 2014, the negative fair value of €45 million showed a deterioration of €39 million, mainly due to the general decline in the yield curve.

The following table shows the notional amount and the fair value of hedging derivatives on interest rate risk as at December 31, 2014 and December 31, 2013, broken down by type of hedge.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2014	at Dec. 31, 2013	at Dec. 31, 2014	at Dec. 31, 2013	at Dec. 31, 2014	at Dec. 31, 2013	at Dec. 31, 2014	at Dec. 31, 2013
<b>Derivatives</b>								
Interest rate swaps	-	160	-	6	500	385	(45)	(12)
<b>Total interest rate derivatives</b>	<b>-</b>	<b>160</b>	<b>-</b>	<b>6</b>	<b>500</b>	<b>385</b>	<b>(45)</b>	<b>(12)</b>

## Cash flow hedge derivatives

The following table shows the cash flows expected in coming years from cash flow hedge derivatives on interest rate risk.

Millions of euro	Fair value at Dec. 31, 2014	Distribution of expected cash flows					
		2015	2016	2017	2018	2019	Beyond
<b>CFH on interest rates</b>	<b>(45)</b>	<b>(10)</b>	<b>(9)</b>	<b>(7)</b>	<b>(5)</b>	<b>(12)</b>	<b>(4)</b>
Positive fair value	-	-	-	-	-	-	-
Negative fair value	(45)	(10)	(9)	(7)	(5)	(12)	(4)

The following table shows the pre-tax impact of cash flow hedge derivatives on interest rate risk on equity during the period.

Millions of euro	2014	2013
<b>Opening balance at January 1</b>	<b>(6)</b>	<b>(25)</b>
Change in fair value recognized in equity (OCI)	(50)	8
Change in fair value recognized through profit or loss	11	11
<b>Closing balance at December 31</b>	<b>(45)</b>	<b>(6)</b>

## 45.1.2 Commodity risk

The following table shows the notional amount and the fair value of derivative contracts hedging commodity risk at December 31, 2014 and December 31, 2013, broken down by type of hedging relationship.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2014	at Dec. 31, 2013	at Dec. 31, 2014	at Dec. 31, 2013	at Dec. 31, 2014	at Dec. 31, 2013	at Dec. 31, 2014	at Dec. 31, 2013
<b>Cash flow hedges</b>								
<b>Derivatives on power:</b>								
- CFD	339	435	10	(2)	-	-	-	-
<b>Total derivatives on power</b>	<b>339</b>	<b>435</b>	<b>10</b>	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMMODITY RISK DERIVATIVES</b>	<b>339</b>	<b>435</b>	<b>10</b>	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Cash flow hedge derivatives

The following table shows the cash flows expected in coming years from cash flow hedge derivatives on commodity risk.

Millions of euro	Fair value at Dec. 31, 2014	Distribution of expected cash flows					
		2015	2016	2017	2018	2019	Beyond
<b>CFH on commodity risk</b>	<b>10</b>	<b>10</b>	-	-	-	-	-
Positive fair value	31	28	3	-	-	-	-
Negative fair value	(21)	(18)	(3)	-	-	-	-

The following table shows the pre-tax impact of cash flow hedge derivatives on commodity risk on equity during the period.

Millions of euro	2014	2013
<b>Opening balance at January 1</b>	<b>(2)</b>	<b>2</b>
Change in fair value recognized in equity (OCI)	12	(4)
<b>Closing balance at December 31</b>	<b>10</b>	<b>(2)</b>

## 45.2 Derivatives at fair value through profit or loss

The following table shows the notional amount and the fair value of derivatives at FVTPL as at December 31, 2014 and December 31, 2013 for each type of risk.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2014	at Dec. 31, 2013	at Dec. 31, 2014	at Dec. 31, 2013	at Dec. 31, 2014	at Dec. 31, 2013	at Dec. 31, 2014	at Dec. 31, 2013
<b>Derivatives at FVTPL</b>								
<b>On interest rate risk:</b>								
- Interest rate swaps	24	25	2	1	24	25	(2)	(1)
- Currency forwards	-	-	-	-	535	1	(5)	-
<b>Total</b>	<b>24</b>	<b>25</b>	<b>2</b>	<b>1</b>	<b>559</b>	<b>26</b>	<b>(7)</b>	<b>(1)</b>

## 46. Related parties

For more information on related parties, please see note 48 to the consolidated financial statements.

For more detailed information on the remuneration of the executives with strategic responsibilities, please see the Remuneration Report of Enel Green Power, which has been published on the Company's website ([www.enelgreenpower.com](http://www.enelgreenpower.com), in the "Governance" section).

All transactions with related parties are carried out on normal market terms and conditions.

The following section reports the main transactions with related parties.

### The Parent Company Enel SpA

Transactions with Enel SpA mainly regard:

- > the centralization with the Parent of a number of support functions concerning legal services, personnel, corporate matters, and administration, planning and control activities regarding Enel Green Power SpA;
- > the management and coordination services performed by Enel SpA with regard to Enel Green Power SpA.

- > Enel Produzione SpA: sale of electricity by Enel Green Power SpA to Enel Produzione SpA and provision of remote operation services for hydroelectric and wind plants, maintenance of dam safety and maintenance of hydroelectric plants by Enel Produzione SpA for Enel Green Power SpA;
- > Enel Italia Srl (formerly Enel Servizi Srl): management of purchasing services, facility services, administrative services, catering services and motor pool services by Enel Italia Srl for Enel Green Power SpA;
- > Enel Ingegneria e Ricerca SpA: consulting and technical management of projects involving the construction of new plants performed by Enel Ingegneria e Ricerca SpA for Enel Green Power SpA and Group companies;
- > Enel Finance International NV: provision of financing to Enel Green Power SpA and the other Group companies;
- > companies in the Endesa sub-group: management of administrative services, supply of software and hardware and sale of electricity for the Enel Green Power España sub-group.

### Related parties within the Enel Group

The most significant transactions with the subsidiaries of Enel SpA regard:

- > Enel Trade SpA: sale of electricity and green certificates by Enel Green Power SpA to Enel Trade SpA and management of commodity risk by Enel Trade SpA for Enel Green Power Group companies;

## Commercial and other transactions in 2014

Millions of euro	Receivables      Payables		Costs		Revenue	
			Goods	Services	Goods	Services
			at Dec. 31, 2014		2014	
<b>Parent Company</b>						
Enel SpA	7	40	-	21	-	-
<b>Total</b>	<b>7</b>	<b>40</b>	<b>-</b>	<b>21</b>	<b>-</b>	<b>-</b>
<b>Subsidiaries and associates</b>						
3SUN Srl	4	-	51	-	-	-
Almeyda Solar SpA	1	-	-	-	4	1
Altomonte FV Srl	2	-	-	-	-	-
Dominica Energía Limpia S de RL de Cv	7	-	-	-	-	7
Empresa Eléctrica Panguipulli SA	12	-	-	-	-	10
Enel Brasil Participações Ltda	6	-	-	-	-	1
Enel Green Power Cabeça de Boi SA	1	-	-	-	-	1
Enel Green Power Calabria Srl	3	1	-	-	-	2
Enel Green Power Chile Limitada	4	-	-	-	-	-
Enel Green Power Costa Rica SA	3	-	-	-	-	-
Enel Green Power Cristal Eólica SA	2	-	-	-	-	-
Enel Green Power Damascena Eólica SA	1	-	-	-	-	1
Enel Green Power Dois Riachos Eólica SA	-	-	-	-	-	1
Enel Green Power Emiliana Eólica SA	1	-	-	-	-	-
Enel Green Power España SA	19	6	-	7	-	6
Enel Green Power Esperança Eólica SA	1	-	-	-	-	1
Enel Green Power Fazenda SA	1	-	-	-	1	1
Enel Green Power Finale Emilia Srl	17	-	-	-	-	21
Enel Green Power France Sas	-	-	-	1	-	1
Enel Green Power Guatemala SA	3	-	-	-	-	-
Enel Green Power Hellas SA	14	3	-	1	-	2
Enel Green Power International BV	5	-	-	-	-	2
Enel Green Power Joana Eólica SA	1	-	-	-	-	-
Enel Green Power Latin America Ltda	3	-	-	-	-	-
Enel Green Power México S de RL de Cv	1	-	-	-	-	-
Enel Green Power Modelo I Eólica SA	1	-	-	-	-	-
Enel Green Power Modelo II Eólica SA	1	-	-	-	-	-
Enel Green Power North America Inc.	11	-	-	-	-	11
Enel Green Power Panama SA	3	-	-	-	-	2
Enel Green Power Pau Ferro Eólica SA	2	-	-	-	-	1
Enel Green Power Pedra do Geronimo Eólica SA	2	-	-	-	-	-
Enel Green Power Primavera Eólica SA	2	-	-	-	-	-
Enel Green Power Puglia Srl	1	-	-	-	-	-
Enel Green Power Romania Srl	17	1	-	1	-	4
Enel Green Power Salto Apiacás SA	1	-	-	-	-	1
Enel Green Power São Judas Eólica SA	2	-	-	-	-	-
Enel Green Power Solar Energy Srl	3	-	-	-	-	-
Enel Green Power Tacaico Eólica SA	1	-	-	-	-	1
Enel Green Power TSS Srl	3	-	-	-	-	(1)
Energia Eolica Srl	1	1	-	-	-	-
Energía Nueva Energía Limpia México S de RL de Cv	2	-	-	-	-	1

Millions of euro	Receivables	Payables	Costs		Revenue	
			Goods	Services	Goods	Services
			at Dec. 31, 2014		2014	
Energías Renovables La Mata SAPI de Cv	5	-	-	-	-	4
Enerlive Srl	1	1	-	-	-	-
Enexon Hellas SA	1	-	-	-	-	-
Finerge - Gestão de Projectos Energéticos SA	1	-	-	-	-	1
Generadora de Occidente Ltda	-	-	-	-	-	1
Geotérmica del Norte SA	1	-	-	-	-	-
Kalenta Ltd	1	-	-	-	-	-
Maicor Wind Srl	1	-	-	-	-	-
Origin Wind Energy LLC	6	-	-	-	-	6
PH Chucas SA	3	-	-	-	-	2
Parque Eólico Cabo Villano SL	1	-	-	-	-	-
Parque Eólico Sierra del Madero SA	1	-	-	-	-	-
Parque Eólico Talinay SA	-	-	-	-	-	1
Parque Eólico Taltal SA	2	-	-	-	-	3
Parque Eólico Valle de los Vientos SA	3	-	-	-	-	1
PowerCrop Srl	2	-	-	-	-	1
Provedora de Electricidad de Occidente S de RL de Cv	1	-	-	-	-	-
Renovables de Guatemala SA	2	-	-	-	-	1
Stipa Nayaá SA de Cv	1	-	-	-	-	1
<b>Total</b>	<b>198</b>	<b>13</b>	<b>51</b>	<b>10</b>	<b>5</b>	<b>100</b>
<b>Enel Group companies</b>						
Endesa SA	-	1	-	-	-	-
Enel Distribuzione SpA	1	-	-	-	-	-
Enel Energia SpA	-	16	9	-	-	-
Enel Energy Europe SL	-	2	-	1	-	-
Enel.Factor SpA	-	19	-	-	-	-
Enel Ingegneria e Ricerca SpA	-	4	-	1	-	-
Enel Italia Srl	-	21	-	30	-	-
Enel Produzione SpA	112	35	2	7	-	-
Enel Sole Srl	-	1	-	-	-	-
Enel Trade SpA	17	3	-	-	191	-
<b>Total</b>	<b>130</b>	<b>101</b>	<b>11</b>	<b>39</b>	<b>191</b>	<b>-</b>
<b>TOTAL</b>	<b>335</b>	<b>154</b>	<b>62</b>	<b>70</b>	<b>196</b>	<b>100</b>



## Commercial and other transactions in 2013

Millions of euro	Receivables      Payables		Costs		Revenue	
			Goods	Services	Goods	Services
			at Dec. 31, 2013		2013	
<b>Parent Company</b>						
Enel SpA	-	42	-	22	-	-
<b>Total</b>	<b>-</b>	<b>42</b>	<b>-</b>	<b>22</b>	<b>-</b>	<b>-</b>
<b>Subsidiaries and associates</b>						
3SUN Srl	6	4	14	-	-	1
Adams Solar PV Project Two (Pty) Ltd	-	2	-	-	-	-
Almeyda Solar SpA	8	-	-	-	8	-
Altomonte FV Srl	2	-	-	-	-	1
Buffalo Dunes Wind Project LLC	5	-	-	-	-	5
Dominica Energía Limpia S de RL de Cv	2	-	-	-	-	2
Empresa Eléctrica Panguipulli SA	2	-	-	-	-	-
Empresa Eléctrica Puyehue SA	2	-	-	-	-	-
Endesa SA	-	1	-	1	-	-
Enel Brasil Participações Ltda	7	-	-	-	-	1
Enel Cove Fort LLC	2	-	-	-	-	2
Enel Green Power & Sharp Solar Energy Srl	6	-	-	-	5	1
Enel Green Power Calabria Srl	4	1	-	-	-	4
Enel Green Power Canaro Srl	16	-	-	-	-	-
Enel Green Power Chile Limitada	6	-	-	-	-	4
Enel Green Power Costa Rica SA	3	-	-	-	-	-
Enel Green Power Cristal Eólica SA	2	-	-	-	-	1
Enel Green Power Cutro Srl (formerly IRIS 2006 Srl)	12	1	-	-	-	10
Enel Green Power Emiliana Eólica SA	2	-	-	-	-	1
Enel Green Power España SA	50	12	-	6	-	10
Enel Green Power Finale Emilia Srl	2	-	-	-	-	2
Enel Green Power France Sas	4	1	-	1	-	1
Enel Green Power Guatemala SA	4	-	-	-	-	2
Enel Green Power Hellas SA	8	2	-	1	-	2
Enel Green Power International BV	3	-	-	-	-	-
Enel Green Power Joana Eólica SA	2	-	-	-	-	1
Enel Green Power Latin America Ltda	3	-	-	-	-	-
Enel Green Power México S de RL de Cv	1	-	-	-	-	-
Enel Green Power Modelo I Eólica SA	2	-	-	-	-	1
Enel Green Power Modelo II Eólica SA	1	-	-	-	-	1
Enel Green Power North America Inc.	19	-	-	-	-	9
Enel Green Power Panama SA	12	-	-	-	-	1
Enel Green Power Pau Ferro Eólica SA	2	-	-	-	-	1
Enel Green Power Pedra do Geronimo Eólica SA	2	-	-	-	-	1
Enel Green Power Primavera Eólica SA	2	-	-	-	-	2
Enel Green Power Puglia Srl	1	-	-	-	-	-
Enel Green Power Romania Srl	20	-	-	-	-	4
Enel Green Power San Gillio Srl	1	-	-	-	-	-
Enel Green Power São Judas Eólica SA	2	-	-	-	-	2
Enel Green Power Tacaico Eólica SA	1	-	-	-	-	1
Enel Green Power TSS Srl	3	-	-	-	-	-
Energia Eolica Srl	4	1	-	-	-	-

Millions of euro	Receivables	Payables	Costs		Revenue	
			Goods	Services	Goods	Services
			at Dec. 31, 2013		2013	
Energía Nueva Energía Limpia México S de RL de Cv	1	-	-	-	-	-
Energías Renovables La Mata SAPI de Cv	1	-	-	-	-	1
Enerlive Srl	2	2	-	-	-	-
Enexon Hellas SA	1	-	-	-	-	-
Eólica Zopiloapan SAPI de Cv	7	-	-	-	-	-
Finerge - Gestão de Projectos Energéticos SA	1	-	-	-	-	-
Geotérmica del Norte SA	1	-	-	-	-	-
IMA Engineering Solutions Srl	3	-	-	-	-	1
International Wind Parks of Achaia SA	2	-	-	-	-	-
Kalenta Ltd	1	-	-	-	-	-
Maicor Wind Srl	2	-	-	-	-	-
Mexicana de Hidroelectricidad Mexhidro S de RL de Cv	1	-	-	-	-	-
Molinos de Viento del Arenal SA	1	-	-	-	-	-
PH Chucas SA	2	-	-	-	-	1
Parque Eólico Sierra del Madero SA	1	-	-	-	-	-
Parque Eólico Valle de los Vientos SA	3	-	-	-	-	3
PowerCrop Srl	1	-	-	-	-	1
Provedora de Electricidad de Occidente S de RL de Cv	1	-	-	-	-	-
Renovables de Guatemala SA	2	-	-	-	-	-
Solar Morea Energiaki SA	1	-	-	-	-	-
Stipa Nayaá SA de Cv	7	-	-	-	-	-
Varokub Green Energy Srl	1	-	-	-	-	1
Other related parties	3	4	-	1	-	6
<b>Total</b>	<b>282</b>	<b>31</b>	<b>14</b>	<b>10</b>	<b>13</b>	<b>88</b>
<b>Enel Group companies</b>						
Enel Distribuzione SpA	1	-	1	-	-	-
Enel Energia SpA	-	12	5	-	-	-
Enel Energy Europe SL	-	1	-	1	-	-
Enel.Factor SpA	-	14	-	-	-	-
Enel Ingegneria e Ricerca SpA	-	13	-	8	-	-
Enel Produzione SpA	85	29	-	9	-	-
Enel Servizi Srl	1	50	-	28	-	-
Enel Trade SpA	39	6	-	-	400	-
Enel.si Srl	4	3	3	-	-	1
<b>Total</b>	<b>130</b>	<b>128</b>	<b>9</b>	<b>46</b>	<b>400</b>	<b>1</b>
<b>TOTAL</b>	<b>412</b>	<b>201</b>	<b>23</b>	<b>78</b>	<b>413</b>	<b>89</b>

## Financial transactions in 2014

Millions of euro	Receivables	Payables	Expense	Income
	at Dec. 31, 2014		2014	
<b>Parent Company</b>				
Enel SpA	12	67	31	-
<b>Total</b>	<b>12</b>	<b>67</b>	<b>31</b>	<b>-</b>
<b>Subsidiaries and associates</b>				
3SUN Srl	13	-	-	1
Enel Brasil Participações Ltda	-	-	-	1
Enel Green Power Calabria Srl	-	4	-	3
Enel Green Power Chile Limitada	-	-	-	2
Enel Green Power Finale Emilia Srl	11	-	-	-
Enel Green Power Hellas SA	-	-	-	1
Enel Green Power International BV	237	2,201	90	3
Enel Green Power México S de RL de Cv	-	-	-	1
Enel Green Power North America Development	82	-	-	-
Enel Green Power North America Inc.	453	-	-	4
Enel Green Power Partecipazioni Speciali Srl	-	60	-	-
Enel Green Power Solar Energy Srl	-	-	-	3
Enel Green Power Strambino Solar Srl	1	-	-	-
Energia Eolica Srl	3	2	-	3
Enerlive Srl	-	7	-	-
LaGeo SA de Cv	-	-	-	30
Maicor Wind Srl	-	1	-	4
PowerCrop Srl	10	-	-	-
<b>Total</b>	<b>810</b>	<b>2,275</b>	<b>90</b>	<b>56</b>
<b>Enel Group companies</b>				
Enel Trade SpA	11	-	2	76
Enel Finance International NV	-	501	4	-
<b>Total</b>	<b>11</b>	<b>501</b>	<b>6</b>	<b>76</b>
<b>TOTAL</b>	<b>833</b>	<b>2,843</b>	<b>127</b>	<b>132</b>

## Financial transactions in 2013

Millions of euro	Receivables	Payables	Expense	Income
	at Dec. 31, 2013		2013	
<b>Parent Company</b>				
Enel SpA	8	306	26	1
<b>Total</b>	<b>8</b>	<b>306</b>	<b>26</b>	<b>1</b>
<b>Subsidiaries and associates</b>				
3SUN Srl	13	-	-	1
Enel Green Power & Sharp Solar Energy Srl	44	-	-	2
Enel Green Power Canaro Srl	-	-	-	1
Enel Green Power Finale Emilia Srl	5	-	-	-
Enel Green Power International BV	-	2,210	87	2
Enel Green Power México S de RL de Cv	-	-	-	1
Enel Green Power North America Inc.	-	-	-	4
Enel Green Power Partecipazioni Speciali Srl	-	51	-	-
Enel Green Power San Gillio Srl	-	-	-	1
Enel Green Power Strambino Solar Srl	1	-	-	-
Energia Eolica Srl	1	4	-	1
Enerlive Srl	-	4	-	-
Finerge - Gestão de Projectos Energéticos SA	-	-	-	1
LaGeo SA de Cv	-	-	-	32
Maicor Wind Srl	-	1	-	4
PowerCrop Srl	5	-	-	-
Other related parties	-	1	-	1
<b>Total</b>	<b>69</b>	<b>2,271</b>	<b>87</b>	<b>51</b>
<b>Enel Group companies</b>				
Enel Trade SpA	-	2	3	25
<b>Total</b>	<b>-</b>	<b>2</b>	<b>3</b>	<b>25</b>
<b>TOTAL</b>	<b>77</b>	<b>2,579</b>	<b>116</b>	<b>77</b>

## Related parties outside the Enel Group

As a business operating in the generation of electricity from renewable resources Enel Green Power sells electricity to and uses distribution and transport services provided by a number of companies controlled by the Italian government (a shareholder of Enel SpA).

Transactions with companies held or controlled by the government primarily include:

- > Gestore dei Mercati Energetici SpA;
- > Gestore dei Servizi Energetici SpA;
- > Acquirente Unico SpA;
- > Terna SpA.

Millions of euro	Receivables	Payables	Costs		Revenue		
			Goods	Services	Goods	Services	
at Dec. 31, 2014			2014		2014		
<b>Related parties outside the Enel Group</b>							
GME SpA	-	-	4	11	522	3	
GSE SpA	108	1	1	2	26	360	
Terna SpA	-	-	21	(1)	2	-	
<b>Total</b>	<b>108</b>	<b>1</b>	<b>26</b>	<b>12</b>	<b>550</b>	<b>363</b>	

Millions of euro	Receivables	Payables	Costs		Revenue		
			Goods	Services	Goods	Services	
at Dec. 31, 2013			2013		2013		
<b>Related parties outside the Enel Group</b>							
GME SpA	-	-	12	21	407	5	
GSE SpA	92	2	-	2	27	313	
Terna SpA	-	-	8	-	7	-	
<b>Total</b>	<b>92</b>	<b>2</b>	<b>20</b>	<b>23</b>	<b>441</b>	<b>318</b>	

## 47. Contractual commitments and guarantees

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013 restated	Change
<b>Sureties and other guarantees granted to:</b>	<b>3,215</b>	<b>2,114</b>	<b>1,101</b>
- non-Group counterparties	53	58	(5)
- subsidiaries	3,162	2,056	1,106
<b>Commitments:</b>	<b>636</b>	<b>754</b>	<b>(118)</b>
- supplies and services	636	754	(118)
<b>Total</b>	<b>3,851</b>	<b>2,868</b>	<b>983</b>

The sureties issued on behalf of subsidiaries to secure their commitments are typically intended to guarantee the seriousness of their participation in tenders called for the development of new projects, the payment of certain plant construction contracts, the connection of plants under construction or in service to the grid and performance of long-

term electricity sale contracts.

In addition, as a result of the put&call option on the interests held by non-controlling shareholders in a number of companies, the Company has taken on off-balance-sheet commitments for forward purchases with an estimated value of €24 million.

## 48. Contingent liabilities and assets

For more on contingent liabilities and assets, please see the notes to the consolidated financial statements, in cases where they refer to Enel Green Power SpA.

## 49. Subsequent events

For more on subsequent events, please see the notes to the consolidated financial statements, in cases where they refer to Enel Green Power SpA.

# Fees of audit firm pursuant to Article 149-*duodecies* of the CONSOB “Issuers Regulation”

Fees due for 2014 to the audit firm and entities belonging to its network for services are summarized in the following table, pursuant to the provisions of Article 149-*duodecies* of the CONSOB “Issuers Regulation”.

Type of service	Entity providing the service	Fees (millions of euro)
<b>Enel Green Power SpA</b>		
Auditing	Ernst & Young SpA	0.3
Certification services	Ernst & Young SpA	0.1
<b>Total</b>		<b>0.4</b>
<b>Subsidiaries of Enel Green Power SpA</b>		
Auditing	Ernst & Young SpA	0.1
	Entities of Reconta Ernst&Young network	1.5
Certification services	Ernst & Young SpA	-
	Entities of Reconta Ernst&Young network	-
<b>Total</b>		<b>1.6</b>
<b>TOTAL</b>		<b>2.0</b>



# Management and coordination

The highlights of the most recently approved annual financial statements of Enel SpA, which exercises management and coordination powers over Enel Green Power SpA are set out below.

## Balance sheet

Millions of euro	at Dec. 31, 2013
<b>ASSETS</b>	
<b>Non-current assets</b>	
Property, plant and equipment and intangible assets	20
Equity investments	39,289
Non-current financial assets	1,520
Other non-current assets	762
<b>Total</b>	<b>41,591</b>
<b>Current assets</b>	
Trade receivables	216
Current financial assets	5,457
Cash and cash equivalents	3,123
Other current assets	573
<b>Total</b>	<b>9,369</b>
<b>TOTAL ASSETS</b>	<b>50,960</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	
<b>SHAREHOLDERS' EQUITY</b>	
<b>Non-current liabilities</b>	
Long-term loans	17,764
Deferred tax liabilities and provisions for risks and charges	489
Non-current financial liabilities	2,098
Other non-current liabilities	283
<b>Total</b>	<b>20,634</b>
<b>Current liabilities</b>	
Short-term loans and current portion of long-term loans	2,714
Trade payables	212
Current financial liabilities	824
Other current liabilities	709
<b>Total</b>	<b>4,459</b>
<b>TOTAL LIABILITIES</b>	<b>25,093</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>50,960</b>

## Income statement

Millions of euro	2013
Revenue	275
Costs	349
Income from equity investments	2,028
Net financial income/(expense)	(790)
Income taxes	(208)
<b>NET INCOME FOR THE YEAR</b>	<b>1,372</b>

# Declaration of the Chief Executive Officer and the officer responsible for the preparation of the financial reports

Declaration of the Chief Executive Officer and the officer responsible for the preparation of the financial reports of Enel Green Power SpA at December 31, 2014, pursuant to the provisions of Article 154-*bis*, paragraph 5, of Legislative Decree 58 of February 24, 1998 and Article 81-*ter* of CONSOB Regulation no. 11971 of May 14, 1999

1. The undersigned Francesco Venturini and Giulio Antonio Carone, in their respective capacities as Chief Executive Officer and officer responsible for the preparation of the financial reports of Enel Green Power SpA, hereby certify, taking account of the provisions of Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree 58 of February 24, 1998:
  - a. the appropriateness with respect to the characteristics of the company and
  - b. the effective adoptionof the administrative and accounting procedures for the preparation of the financial statements of Enel Green Power SpA in the period between January 1, 2014 and December 31, 2014.
2. In this regard, we report that:
  - a. the appropriateness of the administrative and accounting procedures used in the preparation of the financial statements of Enel Green Power SpA has been verified in an assessment of the internal control system for financial reporting. The assessment was carried out on the basis of the guidelines set out in the "Internal Controls - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO);
  - b. the assessment of the internal control system for financial reporting did not identify any material issues.
3. In addition, we certify that the financial statements of Enel Green Power SpA at December 31, 2014:
  - a. have been prepared in compliance with the international accounting standards recognized in the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002;
  - b. correspond to the information in the books and other accounting records;
  - c. provide a true and fair representation of the performance and financial position of the issuer.
4. Finally, we certify that the report on operations included in the Annual Report 2014 and accompanying the financial statements of Enel Green Power SpA at December 31, 2014 contains a reliable analysis of operations and performance, as well as the situation of the issuer, together with a description of the main risks and uncertainties to which they are exposed.

Rome, March 12, 2015

**Francesco Venturini**

Chief Executive Officer of Enel Green Power SpA

**Giulio Antonio Carone**

Officer responsible for the preparation  
of the financial reports of Enel Green Power SpA





Reports

# Report of the Board of Statutory Auditors to the Shareholders' Meeting of Enel Green Power SpA

## Report of the Board of Statutory Auditors to the Shareholders' Meeting of Enel Green Power SpA called to approve the financial statements for year 2014 (pursuant to Article 153 of Legislative Decree 58 of February 24, 1998)

Dear Shareholders,

during the year ended on December 31, 2014, we performed the supervising activity required by law for Enel Green Power SpA (the "Company"). In particular, pursuant to the provisions set forth under Article 149, paragraph 1, of Legislative Decree 58 of February 24, 1998 (hereinafter referred to as the "Consolidated Financial Act") and Article 19, paragraph 1, of Legislative Decree 39 of January 27, 2010, (hereinafter referred to as "Decree 39/10") we monitored:

- (i) the compliance with the law and the bylaws as well as the compliance with the principles of good governance in the performance of the corporate activities;
- (ii) the adequacy of the organizational structure of the Company with respect to matters falling within our area of expertise;
- (iii) the adequacy and effectiveness of the internal control and risk management system;
- (iv) the financial reporting process and the adequacy of the Company's accounting system, including its reliability in correctly representing the events relating to the management of the Company;
- (v) the audit of annual accounts and consolidated accounts, as well as the independence of the external auditing firm performing the audit;
- (vi) the actual implementation of corporate governance rules as provided for in the Corporate Governance Code for listed companies (hereinafter referred to as the "Corporate Governance Code"), to which the Company complies with;
- (vii) the adequacy of the instructions issued by the Company to its subsidiaries in order for Enel Green Power SpA to properly fulfill the obligations of disclosure to the market as provided by law.

In the performance of the necessary checks and verifications with respect to the profiles and areas of activity outlined above, we found no material irregularities.

Also in compliance with the guidelines provided by CONSOB through Communication DEM/1025564 of April 6, 2001 and subsequent updates, we report and point out the following.

- > We have monitored the compliance with the law and the bylaws and we have no comments on such respect.
- > We have received from the Chief Executive Officer, on a quarterly basis and also through our participation at the meetings of the Board of Directors of Enel Green Power SpA, proper information on the activity performed, on the overall performance of the management and on its foreseeable development, as well as on the major economic, financial and equity transactions carried out by the Company and by its subsidiaries. We might acknowledge that: the actions approved and implemented were compliant with the law and with the Bylaws; they were not manifestly reckless or risky; they did not represent a potential conflict of interest, as well as they were not in conflict with the resolutions of the Shareholders Meeting; nor they jeopardized the integrity of the Company's equity capital. For a description of the features of the major economic, financial and equity transactions, please refer to the Report on the management of the Directors relating to the financial statements for the year ended on December 31, 2014 (chapter "Significant events in 2014").



- > We have found no atypical or unusual transactions conducted with third parties, with companies belonging to the Enel Green Power Group or with related parties.
- > We have verified that the Annual Financial Report, which includes, *inter alia*, the financial statements of the Company and the consolidated financial statements of the Enel Green Power Group, contains only one report on the management; this latter concerns both the financial statements as well as the consolidated financial statements.
- > We have verified that in the chapter "Information on related parties" included in the notes to the financial statements for the year ended on December 31, 2014 (hereinafter referred to as the "2014 financial statements"), the Directors have adequately set out the main transactions with related parties - identified on the basis of the international accounting standards and of the relevant provisions issued by CONSOB – carried out by the Company; we refer to this chapter with respect to the identification of the type of transactions and their economic, equity and financial effects. The procedures adopted to ensure that the transactions with related parties are carried out in compliance with the procedural and substantive standards of fairness and transparency are also contained therein. It is acknowledged that the above-mentioned transactions were carried out in compliance with the procedures for the approval and the execution provided for in the Regulation of transactions with related parties (hereinafter referred to as the "Regulation").  
Such Regulation – adopted by the Board of Directors of the Company on December 1, 2010, and lastly amended by the same Board of Directors on February 3, 2014 - has been prepared pursuant to Article 2391-bis of the Italian Civil Code and to the enforcement provisions issued by CONSOB and identifies a set of rules aimed at ensuring the transparency and fairness, both substantive and procedural, of the related parties transactions carried out by Enel Green Power SpA, directly or through subsidiaries. Such Regulation is described in the 2014 report on corporate governance and ownership structure. All related party transactions executed during the reporting period and reported in the notes to the 2014 financial statements have been carried out in the context of the Company's ordinary management, in the interest of the Company, and in accordance with the market conditions.
- > The Company has declared to have prepared its 2014 financial statements – consistently with that of the previous year – according to the international accounting standards ("International Accounting Standards" – IAS and "International Financial Reporting Standards – IFRS), issued by the International Financial Reporting Interpretations (IASB), and to the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and by the Standing Interpretations Committee (SIC), recognized in the European Union in accordance to the CE Regulation 1606/2002, in force at the end of the business year 2014, and according to the interpretations issued and in force as of the same date (the aforementioned principles and interpretations, hereinafter jointly referred to as the "IFRS-EU"). The Company has also declared that the 2014 Financial Statements have been prepared and drafted pursuant to paragraph 3 of Article 9 of Legislative Decree 38 of February 28, 2005, and its implementing acts as well as taking into account the business continuity perspective, on a historical cost basis, with the exception of the items that, according to IFRS-EU, are entered at "fair value". The notes to the 2014 financial statements provide a detailed description of the accounting standards and measurement criteria adopted. With regard to the change of the modalities used to classify the costs for the purchase of energy, financial credits against subsidiaries and joint ventures and to the economic impacts arising from derivatives and relating fair value, in order to comply with the best practice applied in the field and to favor the clearness of the financial statements, the 2013 schemes of the Income Statements, Balance Sheet and Statement of Cash Flows have been reclassified, for a better comparison of the relevant data contained therein.  
The 2014 Financial Statements of Enel Green Power SpA have been audited by Reconta Ernst & Young SpA, which, pursuant to Articles 14 and 16 of Decree 39/10, has expressed, by means of a special report, an opinion with no comments or requests for information, also with respect to the consistency of the Report on the management of the Financial Statements. We have examined the proposal of the Board of Directors concerning the allocation of the net income for financial year 2014 and we have no comments in such respect.

> The Company has represented to have prepared also the consolidated financial statements of Enel Green Power Group for the year ended on December 31, 2014 (hereinafter referred to as the “2014 consolidated financial statements”) – consistently with that of the previous year – according to the IFRS-EU principles and pursuant to the provisions of the Legislative Decree 38 of February 28, 2005, and its implementing acts. The 2014 consolidated financial statements have also been prepared taking into account the business continuity perspective, on a historical cost basis, with the exception of the financial statements items that, according to IFRS-EU, are entered at “fair value”. With reference to the recently issued accounting standards, in the notes – in addition to the accounting standards not yet applicable and therefore not adopted – there are described the standards of first adoption amongst which there is the IFRS 11 “Joint Arrangements”, whose implementation, as reported in paragraph 4 of the “notes to 2014 consolidated financial statements” (redetermination of the comparative data as of December 31, 2013) has led to the redetermination of the comparative data as of December 31, 2013. The 2014 consolidated financial statements of the Enel Green Power Group have been also audited by Reconta Ernst & Young SpA, which, pursuant to Articles 14 and 16 of Decree 39/10, has expressed, by means of a special report, an opinion with no comments or requests for information, also with respect to the consistency of the Report on the management of the 2014 consolidated financial statements.

The external auditing firm Reconta Ernst & Young SpA, with respect to its assignments, has also issued opinions with no comments on the audit of the financial statements for the year 2014 of the Italian companies of the Enel Green Power Group. The check activities carried out by the foreign affiliates of Reconta Ernst & Young SpA on the reporting packages regarding the main foreign companies of the Enel Green Power Group, selected on the basis of the work plan prepared by the same Company and used in drafting the 2014 consolidated financial statements of the Group did not reveal significant findings to be reflected in the evaluation of the same financial statements. The internal statutory auditors of the main Italian companies of the Enel Green Power Group have stated, as for their duties, to have carried out their monitoring activity in compliance with the applicable law and they have reported no irregularities nor remarks, also expressing a favorable opinion on the approval of the financial statements by the respective Shareholders’ Meeting.

> It is pointed out that, within the relevant reports of the management for both the 2014 financial statements and the 2014 consolidated financial statements of the Enel Green Power Group, a description of the principal risks and uncertainties to which the Company and the Enel Green Power Group are exposed has been reported along with the information relating to the environment and to the personnel, with reference to the amendments introduced by Italian Legislative Decree 32 of February 2, 2007 – which implemented the Directive 2003/51/CE that had amended previous Directives 78/660, 83/349, 86/635 and 91/674/CEE regarding the annual accounts and the consolidated accounts of certain type of companies – into Article 2428, paragraphs 1 and 2, of the Italian Civil Code. Such risks and uncertainties have been in-depth examined by the Board of Statutory Auditors during the regular meetings held with the representatives and the persons in charge of the Administration, Finance and Control, Audit and Risk Management functions and with the other bodies involved.

> We point out that – taking into account the recommendations issued by the European Securities and Markets Authority (ESMA) on January 21, 2013, aiming at ensuring a greater transparency of the accounting practices adopted by listed companies in connection to the impairment test procedures on the goodwill (in compliance with the recommendations set forth in the document jointly adopted by the Bank of Italy – CONSOB – ISVAP on March 3, 2010 no. 4) – the conformity of the impairment test procedure with the international accounting standard IAS 36 has been specifically approved by the Board of Directors of the Company, upon favorable opinion issued in such respect by the Control and Risk Committee, on February 24, 2015, that is prior to the date of approval of the 2014 financial statements’ documents.

> We acknowledge that the Board of Directors of the Company, following the appropriate checks carried out by the Control and Risks Committee, has certified, as of the date of approval of the draft of the 2014 financial statements, the ongoing compliance within the Enel Green Power Group with the regulations established by CONSOB with respect to accounting transparency, the adequacy of the organizational structure

and the system of internal controls that the subsidiaries incorporated and regulated by the laws of non-EU countries must comply with in order to ensure that the shares of Enel Green Power SpA may remain listed on Italian regulated markets (pursuant to Article 36 of the so-called "Markets Regulation", approved by CONSOB Resolution no. 16191 of October 29, 2007).

- > We acknowledge that the Board of Directors, following the appropriate checks carried out by the Control and Risks Committee, has also certified that the Company meets the requirements for the listing of shares of subsidiaries subject to the management and coordination activity of another listed company, in accordance with Article 37, paragraph 1, of CONSOB's Markets Regulation. Moreover, under Article 37, paragraph 1, letter c) of the Markets Regulation, the Board of Statutory Auditors has verified the certification of the Board of Directors relating to the existence of the corporate interest of a centralized treasury management existing between the Company and its Parent Company Enel SpA.
- > We have monitored, as for our duties, the adequacy of the organizational structure of the Company (and, more in general, of the Enel Green Power Group, as a whole), through the acquisition of information from the heads of the corporate departments and meetings with the internal statutory auditors of several Italian companies belonging to the Enel Green Power Group for the purpose of mutual exchanges of material data and information.
- > We acknowledged that during the business year 2014, Enel Green Power SpA has continued to pursue the organizational strategy so called "Transnational Organization" aimed at identifying organizational changes to support the business for the achievement of a more organizational flexibility, in coherence with the multinational nature of the Group.

Furthermore, the Company during the business year 2014 has reviewed its organizational structure in order to optimize the efficiency of the different business areas and functions by balancing their synergies, provided also the increase of the Group, its diversity and its geographic complexity.

The new organizational structure of the Group is the following:

1) Business areas:

- *Europe*, which includes the Iberia, in addition to the countries previously included in the Area "Italy and Europe";
- *Latin America*, which includes the countries of the center and south America, which has been experienced a high increase within the last years (Brazil, Chile and Andean countries, Mexico, and Central America);
- *North America*, which includes United States and Canada;

2) Line Functions:

- Business Development;
  - Engineering & Construction;
  - Operation & Maintenance;
- operating respectively in the development, construction, and commissioning and maintenance of the facilities;

3) Staff and Services Functions:

- Administration, Finance and Control;
- External Relations;
- Regulatory Affairs;
- Procurement;
- Health, Safety, Environment & Quality;
- Human Resources and Organization;
- Legal and Corporate Affairs;
- Audit;
- Information & Communication Technology;
- Innovation and Sustainability.

Such structure is aimed at ensuring the management of the central processes for the governance, and the services supporting the business.

With respect to the organizational structure as of December 31, 2013 the main changes concern:

- 1) the Business Development Function that has been further developed through the constitution of the Africa Area and Middle East and Pacific Asia Area,
- 2) the Risk Management Function which has been integrated in the Administration, Finance and Control Function, with respect to the risks management (financial, commodity and counterparty) and insurances, and in the Operation and Maintenance Function, with respect to the management of the industrial risk,
- 3) the transfer of all assets located in France and the establishment of the South Africa country whose responsibility has been allocated in the Europe Area,
- 4) the activities related to sustainability and innovation which have been merged into the new Innovation & Sustainability Function, in order to optimize the integration of the sustainable development in the chain value, promote the rational use of the resources and spread community involvement modalities in coherence with the business model of Creating Shared Value,
- 5) the re-organization of the professional families of the Health, Safety, Environment & Quality, Human Resources and Organization, Operation & Maintenance and Business Development in order to complete the integrations between central and business Areas functions.

The abovementioned changes have been supported by specific organizational projects, such as for example the "Global Professional System Project", that since 2012 has been working on the preparation of professional catalogues aimed at defining a common language to manage and align the internal processes of selection, assessment, development, training, and mobility.

In addition to the above, the Company shall, on an ongoing basis, monitor the market best practices to promptly initiate any action to improve its business processes.

In light of the above, we deem the organizational system described above adequate to support the strategic development of the Company and the Enel Green Power Group and consistent with the control requirements.

- > We have monitored the independence of the auditing firm Reconta Ernst & Young SpA, having received from the latter specific written confirmation of the existence of such requirement (in accordance with Article 17, paragraph 9, letter a) of Decree 39/10) and having discussed the contents of such statement with the partner in charge of the auditing; in this regard we also monitored, as required by Article 19, paragraph 1, letter d) of Decree 39/10, the nature and the extent of the services other than the main duty of the legal audit carried out in favor of the companies of the Enel Green Power Group by Reconta Ernst & Young SpA and by entities belonging to its network, whose fees are indicated in the notes to the 2014 financial statements. Following the checks executed, the Board of Statutory Auditors found no critical irregularities with respect to the independence of the auditing firm Reconta Ernst & Young SpA. We have also attended periodically meetings with the heads of such auditing firm, pursuant to Article 150, paragraph 3, of the Consolidated Financial Act, during which we found no critical irregularities to be included in this report.
- > The auditing firm Reconta Ernst & Young SpA has also presented, in compliance with Article 19, paragraph 3, of Decree 39/10, as for the business year 2014, the report on "the key matters arising from the statutory audit" out of which no significant weaknesses were identified with respect to the internal control system in relation to the financial reporting process. In such respect, please note that, with regard to certain matters concerning the administrative processes, the auditing firm has, in any case, made suggestions that, shared by the operations offices of the Company, have allowed to take improvement actions.
- > We have monitored the financial reporting process, with respect to the adequacy of the accounting system of the Company and its reliability in correctly representing management matters, as well as the compliance with the proper administration principles in the conduct of the corporate activities and we have no comments to make in this respect. We have carried out the relevant checks by obtaining information from the head of the Administration, Finance and Control Function of the Company (taking into account his office as manager responsible for the preparation of the corporate accounting documentation), the examination of the company documentation and the analysis of the results of the work carried out by the auditing firm Reconta Ernst & Young SpA. The Chief Executive Officer and the manager responsible for the preparation of

the corporate accounting documentation of Enel Green Power SpA have confirmed in a special report, with reference to the 2014 financial statements: (i) the adequacy with respect to the characteristics of the Company and the effective application of the administrative and accounting procedures for the formation of the financial statements, (ii) the conformity of the content of such financial statements with the applicable international financial reporting standards as recognized by the European Union under CE Regulation no. 1606/2002, (iii) the conformity of such financial statements with the books and records and their suitability in providing a true and correct representation of the economic and financial conditions of the Company, (iv) that the management Report, which comes along with the financial statements, includes a reliable analysis of the results of the operations, and of the situation of the Company, along with a description of the principal risks and uncertainties to which this latter is exposed. The mentioned report also sets forth that the adequacy of administrative and accounting procedures for the formation of the financial statements of the Company has been verified through the evaluation of the internal control system on the financial reporting and that from the evaluation of such system no significant issues have been identified. A similar certification report has been prepared with respect to the 2014 consolidated financial statements. The evaluation of the internal control system has been also supported by the results of the so-called "independent monitoring".

- > We have monitored the adequacy and effectiveness of the internal control system and risk management also by means of i) periodic meetings held with the head of the Audit Function, ii) jointly meetings held with the Control and Risks Committee, iii) the sharing of the documentation examined during the abovementioned meetings, iv) the attendance of the Chairman of the Board of Statutory Auditors only at meetings of the Control and Risks Committee. In light of the audit carried out, and being detected no significant criticalities, we deem the system of internal control and risks management adequate, efficient and actually working; it is pointed out that the Board of Directors of the Company during February 2015 expressed the same evaluation on this respect and also recognized the compatibility of the main risks related to the strategic goals indicated in the Business Plan 2015-2019 with a management of the business that is in line with the same goals.
- > We inform that during the financial year, this Board of Statutory Auditors did not receive any claim about reprehensible actions pursuant to Article 2408 of the Italian Civil Code, nor has received reports.
- > We have monitored the actual compliance with the Corporate Governance Code, to which the Company adheres, verifying the compliance of the Enel Green Power corporate governance system with the recommendations contained therein. A detailed description of the Company's corporate governance system is contained in the Report on corporate governance and ownership structure for the year 2014.
- > It is pointed out that, in accordance with the application criterion 3.C.5 of the Corporate Governance Code, the Board of Statutory Auditors on February 2015 verified that the Board of Directors of the Company, in assessing the independence of its non-executive directors, has properly applied the criteria set forth in the Corporate Governance Code and that they have adopted and carried out a transparent process of investigation, whose characteristics are described in the Report on corporate governance and ownership structure for the year 2014. As for the so-called "self-evaluation" of the independence of its members, the Board of Statutory Auditors has verified the existence of the relevant requirements on May 2014, following the appointment of the new Board of Statutory Auditors and thus on February 2015. The members of the Board of Statutory Auditors, pursuant to Article 144-*quaterdecies*, paragraph 3-*bis*, of the so-called "Issuers Regulation" adopted by CONSOB through Resolution no. 11971 of May 14, 1999, have verified the non-occurrence of the requirements for the notification of management and control offices held in Italian stock companies provided under Article 148-*bis* of the Consolidated Financial Act and under Articles 144-*duodecies* and pursuant to the Issuers Regulation.
- > We acknowledge that specific details on the remuneration accrued during the year 2014, in relation to the offices respectively held by the Chief Executive Officer/General Manager, by the other Directors and by the Statutory Auditors, is contained in the Remuneration Report provided under Article 123-*ter* of the Consolidated Financial Act that has been submitted for approval to the Board of Directors, upon proposal of the Nomination and Compensation Committee, and published in compliance with the terms set forth

by the law; similar details are provided in the same document, on aggregated basis, in compliance with the relevant Consob's regulations, for the executives with strategic responsibilities. We acknowledge that the remuneration of the Chief Executive Officer/General Manager and of the Executives with strategic responsibilities is in line with the best practice, meeting the requirement to link the remuneration with adequate performance objectives, also of no economic nature, in order to create value for the shareholders of the Company over the medium/long-term period; it is pointed out that that the proposals submitted to the Board of Directors regarding the mentioned remuneration and the relevant parameters on the basis of which the latter is calculated, have been prepared by the Nomination and Compensation Committee, composed by independent Directors.

- > We acknowledge that on June 2010, the Company adopted, with effect from the date of the commencement of the trading of its shares on the MTA, i.e. as from November 4, 2010, a special regulation for the internal management and treatment of confidential information (available on the Company's website [www.enelgreenpower.com](http://www.enelgreenpower.com)) and for the public disclosure of the documents and business information, lastly amended on December 2012. Such regulation contains adequate provisions directed to subsidiary companies in order to allow Enel Green Power to properly comply with the disclosure to market requirements provided by law, pursuant to Article 114, paragraph 2, of the Consolidated Financial Act. The main contents of such regulation are described in the Report on corporate governance and ownership structure for the year 2014.
- > We acknowledge that during May and December 2014, the Chief Executive Officer and the Chairman of the Board of Directors have resigned from the above-mentioned offices, as well as from the office of Directors of the Company. Since the majority of the directors still in office was composed of directors appointed by the Shareholders' Meeting held on April 24, 2013, the latter, during the meetings held on May 23, 2014 and December 17, 2014 appointed new Directors replacing the resigning ones, pursuant to Article 2386, paragraph 1, of the Italian Civil Code. Such resolutions have been promptly submitted to the attention of the Board of Statutory Auditors that – taking into account the professional experience of the newly appointed directors as well as the non-occurrence of event of ineligibility and incompatibility and the meet of the requirements provided by applicable law – approved the relevant appointment.
- > During business year 2014, the Board of Statutory Auditor released the following opinions pursuant to Article 2389, paragraph 3, of the Italian Civil Code:
  - during the meeting held on July 25, 2014, an opinion on the proposal, submitted by the Nomination and Compensation Committee of the Company, concerning the remuneration to be paid to the Chief Executive Office and General Manager and the reduction of the remuneration of the Chairman of the Board of Directors of the Company, in accordance with the provisions set forth under Article 84-ter of the Legislative Decree 69 of June 21, 2013, converted with amendments into Law 98 of August 9, 2013, containing "Urgent measures for economic recovery" (the so-called "*Decreto del Fare*");
  - during the meeting held on December 17, 2014, following the resignation of the Chairman of the Board of Directors, the Board of Statutory Auditors released an opinion on the proposal, made by the Nomination and Compensation Committee of the Company, on the remuneration of the new Chairman of the Board of Directors.
- > We acknowledge that on December 1, 2008, the Company has also adopted a Code of Ethics (available on the Company's website [www.enelgreenpower.com](http://www.enelgreenpower.com)) – subsequently updated in light of further regulatory and organizational amendments, and to better comply with the international best practices – which expresses the commitments and ethical responsibilities in the conduct of business, regulating and informing the corporate behavior to transparency and fairness with respect to all stakeholders.
- > We acknowledge that with reference to the provisions set forth under Legislative Decree 231 of June 8, 2001, (hereinafter, the "*Legislative Decree 231/01*"), the Company has adopted, with effect from December 1, 2008, and subsequently updated in order to reflect the new legislation enacted from time to time on the matter, an organizational and management model whose contents are consistent with the guidelines developed by the trade associations. Such model – conceived as a tool to be adopted by each of the



Italian companies belonging to the Group – is composed of a “general part” and of several “special parts”, dedicated to different types of crimes identified by Legislative Decree 231/01 that such model intends to prevent. For a description of the main features of such model and of the related procedures for its adoption by the several companies of the Group, please refer to the Report on corporate governance and ownership structure for 2014. The Company has also appointed a supervisory body – in charge of monitoring the functioning and the compliance of the model and of its updating – composed of three members: during the business year 2014 it was composed of the heads of the Functions Audit and Legal and Corporate Affairs and of an external professional with specific expertise and competences on the matter and able to ensure a high level of autonomy and independence, who held the office of President of the supervisory board. The Board of Statutory Auditors has received adequate information about the main activities carried out during 2014 by the supervisory board through specific meetings; from the examination of such activities no evidence of facts and/or situations worth of mentioning in this report has resulted.

- > We acknowledge that, as from December 1, 2008, the Board of Directors adopted the “Zero Tolerance for Corruption” plan (available on the Company’s website [www.enelgreenpower.com](http://www.enelgreenpower.com)), which incorporates the Code of Ethics and the model for organization and management pursuant to Legislative Decree 231/01, by incorporating the recommendations made in the field of corruption by Transparency International.
- > The supervision activity carried out by the Board of Statutory Auditors during year 2014 has been conducted in twenty-two (22) meetings, out of which twelve (12) jointly held with the Control and Risks Committee, as well as through the participation in eighteen (18) meetings of the Board of Directors and in seven (7) meetings of the Related Parties Committee – in two (2) of which the entire Board of Statutory Auditors was present at and in the remaining five (5) of which only the Chairman of the Board of Statutory Auditors was present at. Moreover, with respect to the eleven (11) meetings of the Nomination and Compensation Committee, the Chairman of the Board of Statutory Auditors attended ten (10) meetings, the Auditor Ascoli attended two (2) meetings and the Auditor Leccese attended one (1) meeting of such Committee.

During such supervisory activity and on the basis of the information obtained from the auditing firm Reconta Ernst & Young SpA no omissions and/or wrongful acts and/or irregularities, or otherwise significant events have arisen that would require to be reported to the Supervisory Authority or to be mentioned in the present report.

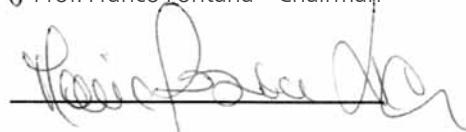
The Board of Statutory Auditors, as a result of its supervisory activity and according to the findings resulting from the exchange of data and information with the auditing firm Reconta Ernst & Young SpA, proposes to approve the financial statements of the Company as of December 31, 2014 in accordance with the proposal made by the Board of Directors.

Rome, April 8, 2015


The Board of Statutory Auditors



Prof. Franco Pontana – Chairman



Dr. Maria Rosaria Leccese – Regular Auditor



Dr. Giuseppe Ascoli – Regular Auditor





# Report of the Independent Auditors on the financial statements of Enel Green Power SpA for 2014



**Independent auditors' report  
pursuant to articles 14 and 16 of Legislative Decree n. 39 dated January 27, 2010  
(Translation from the original Italian text)**

To the Shareholders of  
Enel Green Power S.p.A.

1. We have audited the financial statements of Enel Green Power S.p.A. as of December 31, 2014 and for the year then ended comprising the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and the related notes to the financial statements. The preparation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with article 9 of Legislative Decree n. 38/2005 is the responsibility of Enel Green Power S.p.A.'s directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

The financial statements of the prior year are presented for comparative purposes. As described in the notes to the financial statements, the directors have restated certain comparative data related to the prior year with respect to the data previously presented, on which we issued our auditors' report on April 9, 2014. We have examined the method used to restate the comparative financial data and the related information presented in the notes to the financial statements, for the purpose of expressing our opinion on the financial statements as of December 31, 2014 and for the year then ended.

3. In our opinion, the financial statements of Enel Green Power S.p.A. as of December 31, 2014 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with article 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of Enel Green Power S.p.A. for the year then ended.

4. The directors of Enel Green Power S.p.A. are responsible for the preparation, in accordance with the applicable laws and regulations, of the report on operations and the report on corporate governance and ownership structure published in the section *Governance* of Enel Green Power S.p.A.'s website. Our responsibility is to express an opinion on the consistency with the financial statements of the report on operations and of the information presented in compliance with article 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the report on corporate governance and ownership structure, as required by law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the report on operations and the information presented in compliance with article 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) in the report on corporate governance and ownership structure, are consistent with the financial statements of Enel Green Power S.p.A. as of December 31, 2014.

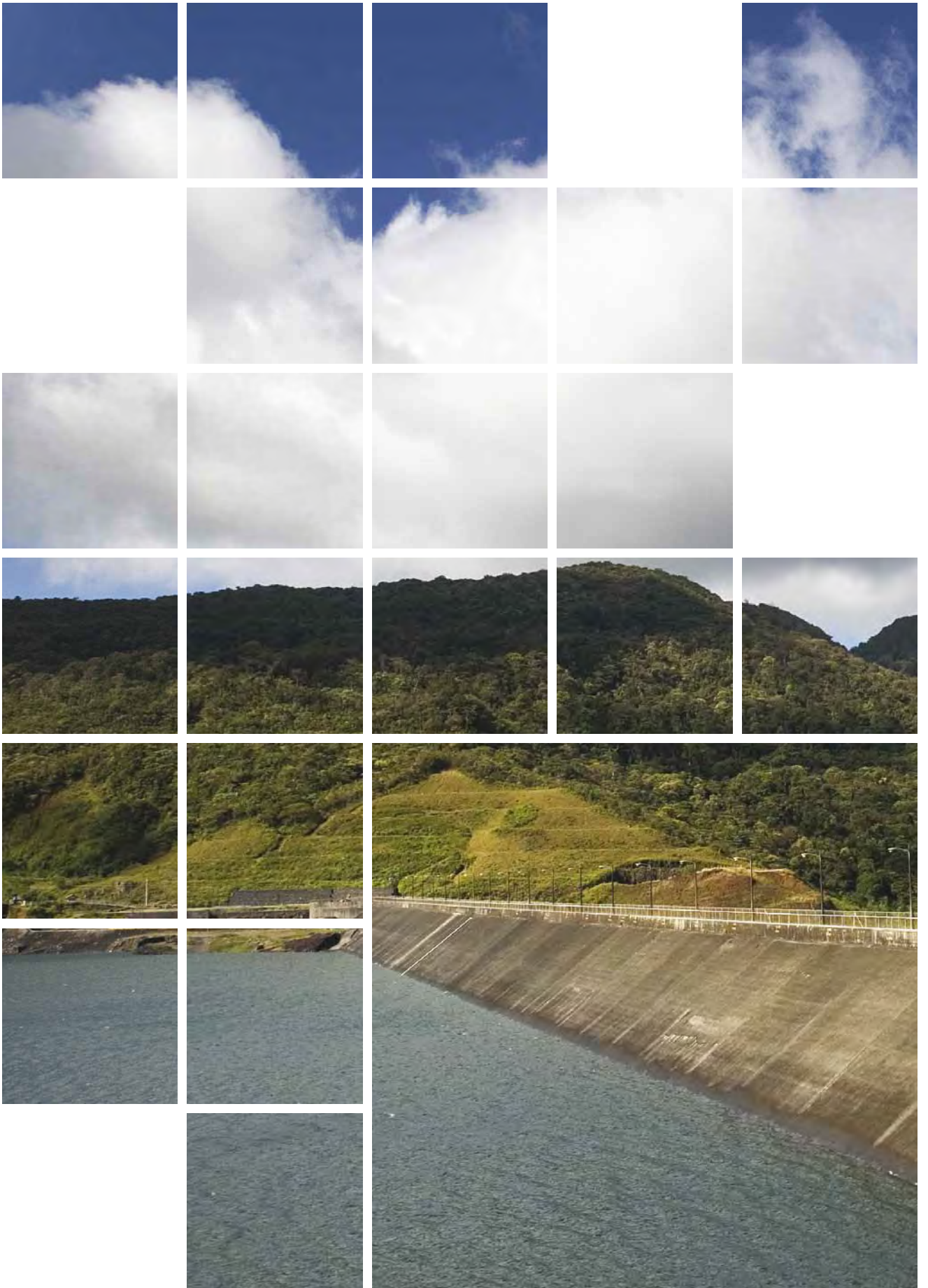
Rome, April 8, 2015

Reconta Ernst & Young S.p.A.

Signed by: Riccardo Rossi, Partner

*This report has been translated into the English language solely for the convenience of international readers.*





# Corporate governance

## Corporate governance

The corporate governance system of Enel Green Power SpA and the Group of which it is Parent Company complies with the principles set out in the Corporate Governance Code for listed companies,<sup>(20)</sup> which the Company has adopted. The corporate governance system is also inspired by the recommendations of CONSOB in this field and, more generally, international best practices.

The governance system adopted by Enel Green Power and the Group it leads is designed to facilitate the creation of long-term shareholder value, taking due account of the social role of the activities in which the Group is engaged and the consequent necessity of appropriately considering all of the interests involved in performing those activities.

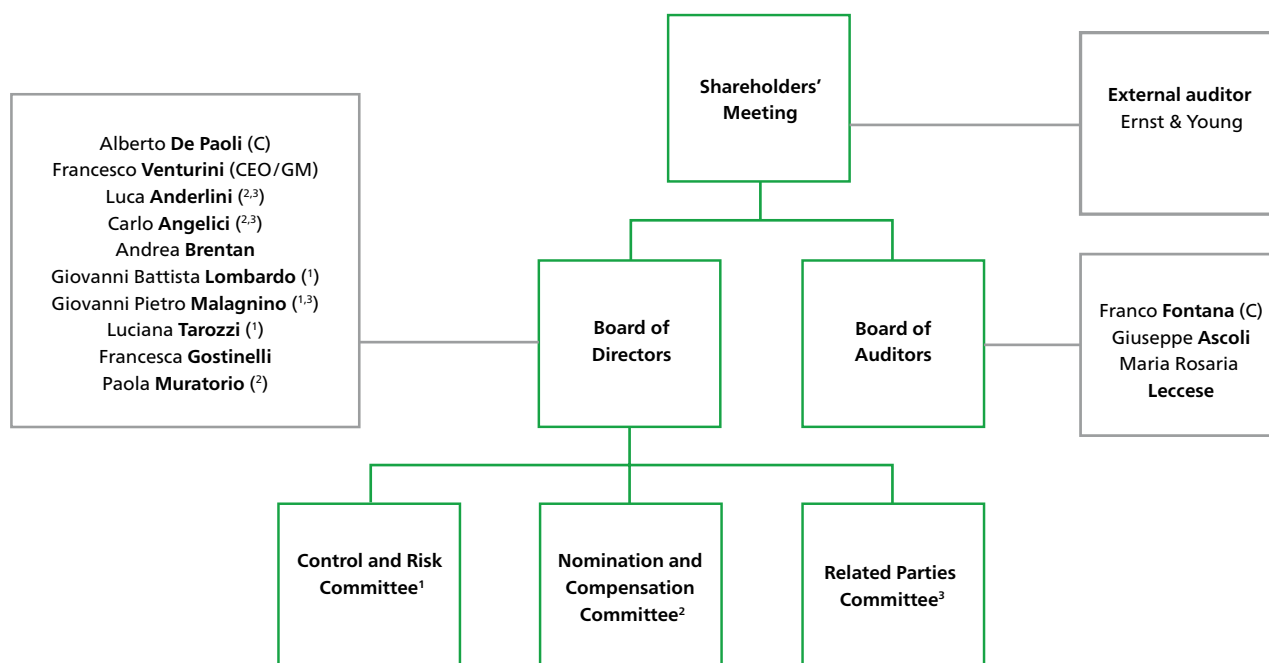
In compliance with the provision of Italian law governing companies with listed shares, the Company's organization is characterized by:

- > a Board of Directors charged with managing the Company, whose members are appointed by the Shareholders' Meeting, on the basis of slates submitted by the shareholders and the outgoing Board of Directors, taking account, among other factors, of compliance with independence and gender balance requirements;
- > a Board of Auditors charged with monitoring: (i) compliance with the law and the bylaws, and with the principles

of sound administration in the performance of company business; (ii) the financial reporting process, as well as the adequacy of the organizational structure, the internal control system and the administrative-accounting system of the Company; (iii) the statutory auditing of the annual accounts and the consolidated accounts, as well as the independence of the statutory audit firm; and (iv) the manner in which the corporate governance rules set out in the Corporate Governance Code are actually implemented;

- > a Shareholders' Meeting, which is competent to take decisions concerning, among other issues – in ordinary or extraordinary session: (i) the appointment and termination of members of the Board of Directors and the Board of Auditors and their compensation and responsibilities; (ii) the approval of the financial statements and allocation of net income; (iii) the purchase and sale of treasury shares; (iv) stock-based compensation plans; (v) amendments of the bylaws; and (vi) the issue of convertible bonds.

The statutory auditing of the accounts is performed by a specialized firm entered in the appropriate official register. It was engaged by the Shareholders' Meeting on the basis of a reasoned proposal of the Board of Auditors.



For more detailed information on the corporate governance system, please see the Report on corporate governance and ownership structure of Enel Green Power, which has been published on the Company's website ([www.enelgreenpower.com](http://www.enelgreenpower.com), in the "Governance" section).

(20) The various editions of the Code are available on the website of Borsa Italiana (at <http://www.borsaitaliana.it>).







Attachments

# Subsidiaries, associates and other significant equity investments of the Enel Green Power Group at December 31, 2014



In compliance with CONSOB Notice no. DEM/6064293 of July 28, 2006 and Article 126 of CONSOB Resolution no. 11971 of May 14, 1999, a list of subsidiaries and associates of Enel Green Power SpA at December 31, 2014, pursuant to Article 2359 of the Italian Civil Code, and of other significant equity investments is provided below.

Enel Green Power has full title to all investments.

The following information is included for each company: name, registered office, share capital, currency in which share capital is denominated, Group companies that have a stake in the company and their respective ownership share, and the Group's ownership share.

	Registered office	Country	Share capital	Currency	Held by	Group % holding	% holding of ordinary shares	Consolidation method
<b>Parent Company</b>								
Enel Green Power SpA	Rome	Italy	1,000,000,000	EUR	Enel SpA	100.00%	68.29%	Holding
	Registered office	Country	Share capital	Currency	Held by	Group % holding	% holding of ordinary shares	Consolidation method
<b>Subsidiaries</b>								
(Cataldo) Hydro Power Associates	New York (New York)	USA	-	USD	Chi Black River Inc. Hydro Development Group Inc.	100.00%	50.00% 50.00%	Line-by-line
3-101-665717 SA	San José	Costa Rica	10,000	CRC	PH Chucas SA	62.48%	100.00%	Line-by-line
3SUN Srl	Catania	Italy	35,205,984	EUR	Enel Green Power SpA	33.33%	33.33%	Equity
Adams Solar PV Project Two (RF) Pty Ltd	Johannesburg	South Africa	10,000,000	ZAR	Enel Green Power RSA (Pty) Ltd	60.00%	60.00%	Line-by-line
Adam Solar PV Project Three (Pty) Ltd	Mowbray	South Africa	1	ZAR	Enel Green Power RSA (Pty) Ltd	100.00%	100.00%	Line-by-line
Agassiz Beach LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Agatos Green Power Trino	Rome	Italy	10,000	EUR	Enel Green Power Solar Energy Srl	80.00%	80.00%	Line-by-line
Aguilón 20 SA	Zaragoza	Spain	2,682,000	EUR	Enel Green Power España SL	30.60%	51.00%	Line-by-line
Albany Solar LLC	Minneapolis (Minnesota)	USA	-	USD	Aurora Distributed Solar LLC	100.00%	100.00%	Line-by-line
Almeyda Solar SpA	Santiago	Chile	1,736,965,000	CLP	Enel Green Power Chile Ltda	99.91%	100.00%	Line-by-line
Almussafes Servicios Energéticos SL	Valencia	Spain	3,010	EUR	Enel Green Power España SL	60.00%	100.00%	Line-by-line
Altomonte Fv Srl	Cosenza	Italy	100,000	EUR	Enel Green Power Solar Energy Srl	100.00%	100.00%	Line-by-line
Alvorada Energia SA	Rio de Janeiro	Brazil	17,117,416	BRL	Enel Brasil Participações Ltda	100.00%	100.00%	Line-by-line
Annandale Solar LLC	Minneapolis (Minnesota)	USA	-	USD	Aurora Distributed Solar LLC	100.00%	100.00%	Line-by-line
Apiacàs Energia SA	Rio de Janeiro	Brazil	21,216,846	BRL	Enel Brasil Participações Ltda	100.00%	100.00%	Line-by-line
Aquenergy Systems Inc.	Greenville (South Carolina)	USA	10,500	USD	Consolidated Hydro Southeast Inc.	100.00%	100.00%	Line-by-line
Atwater Solar LLC	Minneapolis (Minnesota)	USA	-	USD	Aurora Distributed Solar LLC	100.00%	100.00%	Line-by-line
Aurora Distributed Solar LLC	Wilmington (Delaware)	USA	-	USD	Enel Kansas LLC	100.00%	100.00%	Line-by-line
Autumn Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Barnet Hydro Company	Burlington (Vermont)	USA	-	USD	Sweetwater Hydroelectric Inc. Enel Green Power North America Inc.	100%	90.00% 10.00%	Line-by-line
Beaver Falls Water Power Company	Philadelphia (Pennsylvania)	USA	-	USD	Beaver Valley Holdings Ltd	67.50%	67.50%	Line-by-line
Beaver Valley Holdings Ltd	Philadelphia (Pennsylvania)	USA	2	USD	Hydro Development Group Inc.	100.00%	100.00%	Line-by-line
Beaver Valley Power Company	Philadelphia (Pennsylvania)	USA	30	USD	Hydro Development Group Inc.	100.00%	100.00%	Line-by-line
Biowatt - Recursos Energéticos Lda	Porto	Portugal	5,000	EUR	Finerge - Gestão de Projectos Energéticos SA	30.60%	51.00%	Line-by-line
Black River Hydro Assoc	New York (New York)	USA	-	USD	(Cataldo) Hydro Power Associates	75.00%	75.00%	Line-by-line
Boiro Energía SA	Boiro	Spain	601,010	EUR	Enel Green Power España SL	24.00%	40.00%	Equity
Boott Field LLC	Wilmington (Delaware)	USA	-	USD	Boott Hydropower Inc.	100.00%	100.00%	Line-by-line
Boott Hydropower Inc.	Boston	USA	-	USD	Boott Sheldon Holdings LLC	100.00%	100.00%	Line-by-line

	Registered office	Country	Share capital	Currency	Held by	Group % holding	% holding of ordinary shares	Consolidation method
Boott Sheldon Holdings LLC	Wilmington (Delaware)	USA	-	USD	Hydro Finance Holding Company Inc.	100.00%	100.00%	Line-by-line
Bp Hydro Associates	Boise	USA	-	USD	Chi Idaho Inc.	100.00%	68.00%	Line-by-line
					Enel Green Power North America Inc.		32.00%	Line-by-line
Bp Hydro Finance Partnership	Salt Lake City	USA	-	USD	Fulcrum Inc.	100.00%	24.08%	Line-by-line
					Bp Hydro Associates		75.92%	
Brooten Solar LLC	Minneapolis (Minnesota)	USA	-	USD	Aurora Distributed Solar LLC	100.00%	100.00%	Line-by-line
Buffalo Dunes Wind Project LLC	Topeka	USA	-	USD	EGPNA Development Holdings LLC	75.00%	75.00%	Line-by-line
Business Venture Investments 1468 (Pty) Ltd	Lombardy East	South Africa	1,000	ZAR	Enel Green Power RSA (Pty) Ltd	100.00%	100.00%	Line-by-line
Bypass Limited	Boise	USA	-	USD	Northwest Hydro Inc.	100.00%	69.35%	Line-by-line
					Chi West Inc.		29.65%	
					El Dorado Hydro		1.00%	
Bypass Power Company	Los Angeles (California)	USA	1	USD	Chi West Inc.	100.00%	100.00%	Line-by-line
Camposgen - Energia Lda	Oeiras	Portugal	5,000	EUR	TP - Sociedade Térmica Portuguesa SA	60.00%	80.00%	Line-by-line
					Pp - Co-Geração SA		20.00%	
Canastota Wind Power LLC	Wilmington (Delaware)	USA	-	USD	Essex Company	100.00%	100.00%	Line-by-line
Caney River Wind Project LLC	Topeka	USA	-	USD	Rocky Caney Wind LLC	100.00%	100.00%	Line-by-line
Carocraft (Pty) Ltd	Houghton	South Africa	116	ZAR	Enel Green Power RSA (Pty) Ltd	97.00%	97.00%	Line-by-line
Carodex (Pty) Ltd	Houghton	South Africa	116	ZAR	Enel Green Power RSA (Pty) Ltd	98.49%	98.49%	Line-by-line
Castle Rock Ridge Limited Partnership	Calgary (Alberta)	Canada	-	CAD	Enel Green Power Canada Inc.	100.00%	99.90%	Line-by-line
					Enel Alberta Wind Inc.		0.10%	
Central Hidráulica Guejar-Sierra SL	Seville	Spain	364,210	EUR	Enel Green Power España SL	19.98%	33.30%	Equity
Chi Black River Inc.	Wilmington (Delaware)	USA	100	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Chi Idaho Inc.	Wilmington (Delaware)	USA	100	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Chi Minnesota Wind LLC	Wilmington (Delaware)	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Chi Operations Inc.	Wilmington (Delaware)	USA	100	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Chi Power Inc.	Wilmington (Delaware)	USA	100	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Chi Power Marketing Inc.	Wilmington (Delaware)	USA	100	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Chi West Inc.	Wilmington (Delaware)	USA	100	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Chisago Solar LLC	Minneapolis (Minnesota)	USA	-	USD	Aurora Distributed Solar LLC	100.00%	100.00%	Line-by-line
Chisholm View Wind Project LLC	Oklahoma City	USA	-	USD	Enel Kansas LLC	75.00%	75.00%	Line-by-line
Cogeneración Lipsa SL	Barcelona	Spain	720,000	EUR	Enel Green Power España SL	12.00%	20.00%	Equity
Companhia Térmica Lusol ACE	Barreiro	Portugal	-	EUR	TP - Sociedade Térmica Portuguesa SA	57.00%	95.00%	Line-by-line
Companhia Térmica Ribeira Velha ACE	São Paio de Oleiros	Portugal	-	EUR	Pp - Co-Geração SA	60.00%	49.00%	Line-by-line
					TP - Sociedade Térmica Portuguesa SA		51.00%	
Compañía Eólica Tierras Altas SA	Soria	Spain	13,222,000	EUR	Enel Green Power España SL	21.38%	35.63%	Equity
Coneross Power Corporation Inc.	Greenville (South Carolina)	USA	110,000	USD	Aquenergy Systems Inc.	100.00%	100.00%	Line-by-line
Consolidated Hydro New Hampshire Inc.	Wilmington (Delaware)	USA	130	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Consolidated Hydro New York Inc.	Wilmington (Delaware)	USA	200	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line

	Registered office	Country	Share capital	Currency	Held by	Group % holding	% holding of ordinary shares	Consolidation method
Consolidated Hydro Southeast Inc.	Wilmington (Delaware)	USA	100	USD	Enel Green Power North America Inc. Gauley River Power Partners LP	100.00%	95.00% 5.00%	Line-by-line
Consolidated Pumped Storage Inc.	Wilmington (Delaware)	USA	550,000	USD	Enel Green Power North America Inc.	81.82%	81.82%	Line-by-line
Consorcio Eólico Marino Cabo de Trafalgar SL	Cádiz	Spain	200,000	EUR	Enel Green Power España SL	30.00%	50.00%	Equity
Copenhagen Associates	New York (New York)	USA	-	USD	Enel Green Power North America Inc. Hydro Development Group Inc.	100.00%	50.00% 50.00%	Line-by-line
Corporación Eólica de Zaragoza SL	Zaragoza	Spain	1,021,600	EUR	Enel Green Power España SL	15.00%	25.00%	Equity
Courtenay Wind Farm LLC	Bismark	USA	-	USD	Enel Kansas LLC	100.00%	100.00%	Line-by-line
De Rock'1 Srl	Bucharest	Romania	5,629,000	RON	Enel Green Power Romania Srl Enel Green Power International BV	100.00%	100.00% 0.00%	Line-by-line
Depuración Destilación Reciclaje SL	Boiro	Spain	600,000	EUR	Enel Green Power España SL	24.00%	40.00%	Equity
Desarrollo de Fuerzas Renovables S de RL de Cv	Mexico City	Mexico	5,313,807	MXN	Enel Green Power México S de RL de Cv Energía Nueva Energía Limpia México S de RL de Cv	100.00%	99.99% 0.01%	Line-by-line
Diego de Almagro Matriz SpA	Santiago	Chile	351,604,338	CLP	Empresa Electrica Panguipulli SA	99.91%	100.00%	Line-by-line
Dioflash (Pty) Limited	Houghton	South Africa	1,000	ZAR	Enel Green Power RSA (Pty) Ltd	100.00%	100.00%	Line-by-line
Dodge Center Distributed Solar LLC	Minneapolis (Minnesota)	USA	-	USD	Aurora Distributed Solar LLC	100.00%	100.00%	Line-by-line
Dominica Energía Limpia S de RL de Cv	Colonia Guadalupe Inn	Mexico	279,282,225	MXN	Enel Green Power México S de RL de Cv Enel Green Power Guatemala SA	100.00%	99.96% 0.04%	Line-by-line
EGP BioEnergy Srl	Rome	Italy	1,000,000	EUR	Enel Green Power Puglia Srl	100.00%	100.00%	Line-by-line
EGP Jewel Valley LLC	Wilmington (Delaware)	USA	-	USD	Padoma Wind Power LLC	100.00%	100.00%	Line-by-line
EGP Stillwater Solar LLC	Wilmington (Delaware)	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
EGP Timber Hills Project LLC	Los Angeles (California)	USA	-	USD	Padoma Wind Power LLC	100.00%	100.00%	Line-by-line
EGPNA Development Holdings LLC	Wilmington (Delaware)	USA	-	USD	Enel Green Power North America Development LLC	100.00%	100.00%	Line-by-line
EGPNA Wind Holdings 1 LLC	Wilmington (Delaware)	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Electra Capital (RF) (Pty) Ltd	Johannesburg	South Africa	10,000,000	ZAR	Enel Green Power RSA (Pty) Ltd	60.00%	60.00%	Line-by-line
Enel Green Power Cabeça de Boi SA	Rio de Janeiro	Brazil	19,017,956	BRL	Enel Brasil Participações Ltda	100.00%	100.00%	Line-by-line
Enel Green Power Damascena Eólica SA	Rio de Janeiro	Brazil	1,000,000	BRL	Parque Eólico Serra Azul Ltda Enel Brasil Participações Ltda	100.00%	1.00% 99.00%	Line-by-line
Enel Green Power Delfina A Eólica SA	Rio de Janeiro	Brazil	1,000,000	BRL	Enel Brasil Participações Ltda	99.00%	99.00%	Line-by-line
Enel Green Power Delfina B Eólica SA	Rio de Janeiro	Brazil	1,000,000	BRL	Enel Brasil Participações Ltda	99.00%	99.00%	Line-by-line
Enel Green Power Delfina C Eólica SA	Rio de Janeiro	Brazil	1,000,000	BRL	Enel Brasil Participações Ltda	99.00%	99.00%	Line-by-line
Enel Green Power Delfina D Eólica SA	Rio de Janeiro	Brazil	1,000,000	BRL	Enel Brasil Participações Ltda	99.00%	99.00%	Line-by-line
Enel Green Power Delfina E Eólica SA	Rio de Janeiro	Brazil	1,000,000	BRL	Enel Brasil Participações Ltda	99.00%	99.00%	Line-by-line
Enel Green Power Dois Riachos Eólica SA	Rio de Janeiro	Brazil	1,000	BRL	Enel Brasil Participações Ltda	100.00%	100.00%	Line-by-line
Enel Green Power Emiliana Eolica SA	Rio de Janeiro	Brazil	120,000,000	BRL	Enel Brasil Participações Ltda Parque Eólico Curva dos Ventos Ltda	100.00%	99.00% 1.00%	Line-by-line



	Registered office	Country	Share capital	Currency	Held by	Group % holding	% holding of ordinary shares	Consolidation method
Enel Green Power Esperança Eólica SA	Rio de Janeiro	Brazil	1,000,000	BRL	Enel Green Power Desenvolvimento Ltda Enel Brasil Participações Ltda	100.00%	1.00% 99.00%	Line-by-line
Enel Green Power Ituverava Norte Solar SA	Rio de Janeiro	Brazil	1,000,000	BRL	Enel Brasil Participações Ltda	99.00%	99.00%	Line-by-line
Enel Green Power Ituverava Solar SA	Rio de Janeiro	Brazil	1,000,000	BRL	Enel Brasil Participações Ltda	99.00%	99.00%	Line-by-line
Enel Green Power Ituverava Sul Solar SA	Rio de Janeiro	Brazil	1,000,000	BRL	Enel Brasil Participações Ltda	99.00%	99.00%	Line-by-line
Enel Green Power Joana Eolica SA	Rio de Janeiro	Brazil	120,000,000	BRL	Enel Brasil Participações Ltda Parque Eólico Curva dos Ventos Ltda	100.00%	99.00% 1.00%	Line-by-line
Enel Green Power Maniçoba Eólica SA	Rio de Janeiro	Brazil	1,000,000	BRL	Parque Eólico Serra Azul Ltda Enel Brasil Participações Ltda	100.00%	1.00% 99.00%	Line-by-line
Enel Green Power Modelo I Eólica SA	Rio de Janeiro	Brazil	125,000,000	BRL	Enel Brasil Participações Ltda	99.00%	99.00%	Line-by-line
Enel Green Power Modelo II Eólica SA	Rio de Janeiro	Brazil	1,250,000,000	BRL	Enel Brasil Participações Ltda	99.00%	99.00%	Line-by-line
Enel Green Power Pau Ferro Eólica SA	Rio de Janeiro	Brazil	135,000,000	BRL	Enel Brasil Participações Ltda Parque Eólico Fontes dos Ventos Ltda	99.99%	99.00% 1.00%	Line-by-line
Enel Green Power Pedra do Gerônimo Eólica SA	Rio de Janeiro	Brazil	135,000,000	BRL	Enel Brasil Participações Ltda Parque Eólico Fontes dos Ventos Ltda	99.99%	99.00% 1.00%	Line-by-line
Enel Green Power Salto Apiacás SA	São Domingos - Niterói	Brazil	14,412,120	BRL	Enel Brasil Participações Ltda Parque Eólico Serra Azul Ltda	100.00%	99.00% 1.00%	Line-by-line
Enel Green Power Tacaicó Eólica SA	Rio de Janeiro	Brazil	80,000,000	BRL	Enel Brasil Participações Ltda Parque Eolico Fontes dos Ventos Ltda	99.99%	99.00% 1.00%	Line-by-line
Enel Soluções Energéticas Ltda	São Domingos - Niterói	Brazil	5,000,000	BRL	Enel Brasil Participações Ltda Parque Eólico Fontes dos Ventos Ltda	100.00%	99.99% 0.01%	Line-by-line
Eolverde - SGPS SA	Porto	Portugal	50,000	EUR	Finerge - Gestão de Projectos Energéticos SA	45.00%	75.00%	Line-by-line
Eastwood Solar LLC	Minneapolis (Minnesota)	USA	-	USD	Aurora Distributed Solar LLC	100.00%	100.00%	Line-by-line
Eed - Empreendimentos Eólicos do Douro SA	Porto	Portugal	50,000	EUR	Finerge - Gestão de Projectos Energéticos SA	60.00%	100.00%	Line-by-line
EEVM - Empreendimentos Eólicos Vale do Minho SA	Porto	Portugal	200,000	EUR	Eolverde - SGPS SA	22.50%	50.00%	Equity
EGP Geronimo Holding Company Inc.	Wilmington (Delaware)	USA	1,000	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
EGP Solar 1 LLC	Wilmington (Delaware)	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
El Dorado Hydro	Los Angeles (California)	USA	-	USD	Chi West Inc. Northwest Hydro Inc.	100.00%	82.50% 17.50%	Line-by-line
Elcomex Solar Energy Srl	Constanța	Romania	4,590,000	RON	Enel Green Power Romania Srl Enel Green Power International BV	100.00%	99.90% 0.10%	Line-by-line
Empreendimento Eólico de Rego Lda	Porto	Portugal	5,000	EUR	Finerge - Gestão de Projectos Energéticos SA	30.60%	51.00%	Line-by-line
Empreendimentos Eólicos da Serra do Sicó SA	Porto	Portugal	50,000	EUR	TP - Sociedade Térmica Portuguesa SA	31.43%	52.38%	Line-by-line
Empreendimentos Eólicos de Viade Lda	Porto	Portugal	5,000	EUR	Finerge - Gestão de Projectos Energéticos SA	48.00%	80.00%	Line-by-line
Empresa Eléctrica Panguipulli SA	Santiago	Chile	48,038,937	CLP	Enel Green Power Latin America Ltda Enel Green Power Chile Ltda	99.91%	0.01% 99.99%	Line-by-line
Empresa Nacional de Geotermia SA	Santiago	Chile	12,647,752,517	CLP	Enel Green Power Chile Ltda	50.95%	51.00%	Line-by-line
Enel Alberta Wind Inc.	Calgary (Alberta)	Canada	16,251,021	CAD	Enel Green Power Canada Inc.	100.00%	100.00%	Line-by-line

	Registered office	Country	Share capital	Currency	Held by	Group % holding	% holding of ordinary shares	Consolidation method
Enel Atlantic Canada LP	St. John's (Newfoundland)	Canada	-	CAD	Newind Group Inc. Enel Green Power Canada Inc.	100.00%	0.10% 99.90%	Line-by-line
Enel Brasil Participações Ltda	Rio de Janeiro	Brazil	1,631,724,678	BRL	Enel Green Power Latin America Ltda Enel Green Power International BV	100.00%	0.01% 99.99%	Line-by-line
Enel Cove Fort II LLC	Wilmington (Delaware)	USA	-	USD	Enel Geothermal LLC	100.00%	100.00%	Line-by-line
Enel Cove Fort LLC	Wilmington (Delaware)	USA	-	USD	EGPNA Development Holdings LLC	100.00%	100.00%	Line-by-line
Enel Fortuna SA	Panama City	Panama	100,000,000	USD	Enel Green Power Panama SA	50.06%	50.06%	Line-by-line
Enel Geothermal LLC	Wilmington (Delaware)	USA	-	USD	Essex Company	100.00%	100.00%	Line-by-line
Enel Green Power Bulgaria EAD	Sofia	Bulgaria	35,231,000	BGN	Enel Green Power International BV	100.00%	100.00%	Line-by-line
Enel Green Power CAI Agroenergy Srl	Rome	Italy	100,000	EUR	Enel Green Power SpA	100.00%	100.00%	Line-by-line
Enel Green Power Calabria Srl	Rome	Italy	10,000	EUR	Enel Green Power SpA	100.00%	100.00%	Line-by-line
Enel Green Power Canada Inc.	Montreal (Quebec)	Canada	85,681,857	CAD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Enel Green Power Chile Ltda	Santiago	Chile	15,649,360,000	CLP	Hydromac Energy BV Enel Green Power Latin America Ltda	99.91%	0.01% 99.99%	Line-by-line
Enel Green Power Colombia SA	Bogotá	Colombia	300,000,000	COP	Enel Green Power International BV	100.00%	100.00%	Line-by-line
Enel Green Power Costa Rica SA	San José	Costa Rica	27,500,000	USD	Enel Green Power International BV	100.00%	100.00%	Line-by-line
Enel Green Power Cristal Eólica SA	Rio de Janeiro	Brazil	104,833,131	BRL	Enel Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	100.00%	99.00% 1.00%	Line-by-line
Enel Green Power Desenvolvimento Ltda	Rio de Janeiro	Brazil	13,900,297	BRL	Enel Brasil Participações Ltda Enel Green Power Latin America Ltda	100.00%	99.99% 0.01%	Line-by-line
Enel Green Power Ecuador SA	Quito	Ecuador	26,000	USD	Enel Green Power International BV Enel Green Power Latin America Ltda	100.00%	99.00% 1.00%	Line-by-line
Enel Green Power El Salvador SA de Cv	San Salvador	El Salvador	3,071,090	SVC	Enel Green Power International BV	99.00%	99.00%	Line-by-line
Enel Green Power España SL	Madrid	Spain	11,153	EUR	Enel Green Power International BV	60.00%	60.00%	Line-by-line
Enel Green Power Fazenda SA	Rio de Janeiro	Brazil	12,834,623	BRL	Enel Brasil Participações Ltda	100.00%	100.00%	Line-by-line
Enel Green Power Finale Emilia Srl	Rome	Italy	10,000,000	EUR	Enel Green Power SpA	70.00%	70.00%	Line-by-line
Enel Green Power Granadilla SL	Tenerife	Spain	3,012	EUR	Enel Green Power España SL	39.00%	65.00%	Line-by-line
Enel Green Power Guatemala SA	Guatemala City	Guatemala	5,000	GTQ	Enel Green Power International BV Enel Green Power Latin America Ltda	100.00%	98.00% 2.00%	Line-by-line
Enel Green Power Hellas SA	Maroussi	Greece	7,687,850	EUR	Enel Green Power International BV	100.00%	100.00%	Line-by-line
Enel Green Power International BV	Amsterdam	Netherlands	244,532,298	EUR	Enel Green Power SpA	100.00%	100.00%	Line-by-line
Enel Green Power Latin America Ltda	Santiago	Chile	30,728,470	CLP	Hydromac Energy BV Enel Green Power International BV	99.91%	99.90% 0.01%	Line-by-line
Enel Green Power México S de RL de Cv	Mexico City	Mexico	973,703,665	MXN	Enel Green Power Latin America Ltda Enel Green Power International BV	100.00%	0.01% 99.99%	Line-by-line
Enel Green Power North America Development LLC	Wilmington (Delaware)	USA	-	USD	Enel Green Power International BV	100.00%	100.00%	Line-by-line
Enel Green Power North America Inc.	Wilmington (Delaware)	USA	50	USD	Enel Green Power International BV	100.00%	100.00%	Line-by-line

	Registered office	Country	Share capital	Currency	Held by	Group % holding	% holding of ordinary shares	Consolidation method
Enel Green Power Panama SA	Panama City	Panama	3,000	USD	Enel Green Power International BV	100.00%	100.00%	Line-by-line
Enel Green Power Partecipazioni Speciali Srl	Rome	Italy	10,000	EUR	Enel Green Power SpA	100.00%	100.00%	Line-by-line
Enel Green Power Perú SA	Lima	Peru	1,000	PEN	Enel Green Power International BV	99.91%	99.90%	Line-by-line
					Enel Green Power Latin America Ltda		0.01%	
Enel Green Power Primavera Eólica SA	Rio de Janeiro	Brazil	140,000,000	BRL	Enel Brasil Participações Ltda	100.00%	99.00%	Line-by-line
					Enel Green Power Desenvolvimento Ltda		1.00%	
Enel Green Power Puglia Srl	Rome	Italy	1,000,000	EUR	Enel Green Power SpA	100.00%	100.00%	Line-by-line
Enel Green Power RSA (Pty) Ltd	Johannesburg	South Africa	1,000	ZAR	Enel Green Power South Africa	100.00%	100.00%	Line-by-line
Enel Green Power Romania Srl	Sat Rusu de Sus Nuşeni	Romania	2,430,631,000	RON	Enel Green Power International BV	100.00%	100.00%	Line-by-line
Enel Green Power São Judas Eólica SA	Rio de Janeiro	Brazil	100,000,000	BRL	Enel Brasil Participações Ltda	100.00%	99.00%	Line-by-line
					Enel Green Power Desenvolvimento Ltda		1.00%	
Enel Green Power San Gillio Srl	Rome	Italy	10,000	EUR	Enel Green Power SpA	80.00%	80.00%	Line-by-line
Enel Green Power Solar Energy Srl	Rome	Italy	10,000	EUR	Enel Green Power SpA	100.00%	100.00%	Line-by-line
Enel Green Power South Africa	Amsterdam	Netherlands	18,000	EUR	Enel Green Power International BV	100.00%	100.00%	Line-by-line
Enel Green Power Strambino Solar Srl	Torino	Italy	250,000	EUR	Enel Green Power SpA	60.00%	60.00%	Line-by-line
Enel Green Power Turkey Enerji Yatirimlari Anonim Şirketi	Istanbul	Turkey	10,154,658	TRY	Enel Green Power International BV	100.00%	100.00%	Line-by-line
Enel Green Power Uruguay SA	Montevideo	Uruguay	400,000	UYU	Enel Green Power International BV	100.00%	100.00%	Line-by-line
Enel Green Power Villoresi Srl	Rome	Italy	200,000	EUR	Enel Green Power SpA	51.00%	51.00%	Equity
Enel Kansas LLC	Wilmington (Delaware)	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Enel Nevkan Inc.	Wilmington (Delaware)	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Enel Salt Wells LLC	Wilmington (Delaware)	USA	-	USD	Enel Geothermal LLC	100.00%	100.00%	Line-by-line
Enel Stillwater LLC	Wilmington (Delaware)	USA	-	USD	Enel Geothermal LLC	100.00%	100.00%	Line-by-line
Enel Surprise Valley LLC	Wilmington (Delaware)	USA	-	USD	Enel Geothermal LLC	100.00%	100.00%	Line-by-line
Enel Texkan Inc.	Wilmington (Delaware)	USA	-	USD	Chi Power Inc.	100.00%	100.00%	Line-by-line
Enelpower do Brasil Ltda	Rio de Janeiro	Brazil	1,242,000	BRL	Enel Green Power Latin America Ltda	100.00%	0.01%	Line-by-line
					Enel Brasil Participações Ltda		99.99%	
ENEOP - Eólicas de Portugal SA	Paço de Arcos, Oeiras	Portugal	50,000	EUR	TP - Sociedade Térmica Portuguesa SA	21.58%	17.98%	Equity
					Finerge - Gestão de Projectos Energéticos SA		17.98%	
Enercor - Produção de Energia ACE	Montijo	Portugal	-	EUR	TP - Sociedade Térmica Portuguesa SA	60.00%	70.00%	Line-by-line
					Pp - Co-Geração SA		30.00%	
Energia Eólica Srl	Rome	Italy	4,840,000	EUR	Enel Green Power SpA	51.00%	51.00%	Line-by-line
Energía Global de México (Enermex) SA de Cv	Mexico City	Mexico	50,000	MXN	Enel Green Power International BV	99.00%	99.00%	Line-by-line
Energia Global Operaciones SA	San José	Costa Rica	10,000	CRC	Enel Green Power Costa Rica SA	100.00%	100.00%	Line-by-line

	Registered office	Country	Share capital	Currency	Held by	Group % holding	% holding of ordinary shares	Consolidation method
Energía Nueva Energía Limpia México S de RL de Cv	Mexico City	Mexico	5,339,650	MXN	Enel Green Power International BV Enel Green Power Guatemala SA	100.00%	99.96% 0.04%	Line-by-line
Energía Nueva de Iggú S de RL de Cv	Mexico City	Mexico	3,139,737,500	MXN	Energía Nueva Energía Limpia México S de RL de Cv Enel Green Power México S de RL de Cv	99.91%	0.01% 99.90%	Line-by-line
Energías Especiales de Careon SA	La Coruña	Spain	270,450	EUR	Enel Green Power España SL	46.20%	77.00%	Line-by-line
Energías Especiales de Peña Armada SA	Madrid	Spain	963,300	EUR	Enel Green Power España SL	48.00%	80.00%	Line-by-line
Energías Especiales del Alto Ulla SA	Madrid	Spain	1,722,600	EUR	Enel Green Power España SL	60.00%	100.00%	Line-by-line
Energías Especiales del Bierzo SA	Torre del Bierzo	Spain	1,635,000	EUR	Enel Green Power España SL	30.00%	50.00%	Equity
Energías Renovables La Mata SAPI de CV	Mexico City	Mexico	656,615,400	MXN	Energía Nueva de Iggú S de RL de Cv Enel Green Power México S de RL de Cv	100.00%	0.01% 99.99%	Line-by-line
Energética de Rosselló AIE	Barcelona	Spain	3,606,060	EUR	Enel Green Power España SL	16.20%	27.00%	Equity
Energía de la Loma SA	Jaén	Spain	4,450,000	EUR	Enel Green Power España SL	30.52%	50.86%	Line-by-line
Energías Alternativas del Sur SL	Las Palmas de Gran Canaria	Spain	601,000	EUR	Enel Green Power España SL	30.00%	50.00%	Equity
Energías de Aragón II SL	Zaragoza	Spain	18,500,000	EUR	Enel Green Power España SL	60.00%	100.00%	Line-by-line
Energías de Graus SL	Barcelona	Spain	1,298,160	EUR	Enel Green Power España SL	40.00%	66.67%	Line-by-line
Energías de la Mancha SA	Villarta de San Juan (Ciudad Real)	Spain	279,500	EUR	Enel Green Power España SL	41.05%	68.42%	Line-by-line
Enerlive Srl	Rome	Italy	6,520,000	EUR	Maicor Wind Srl	60.00%	100.00%	Line-by-line
Enexon Hellas SA	Maroussi	Greece	18,771,600	EUR	Enel Green Power Hellas SA	100.00%	100.00%	Line-by-line
Eolcinf - Produção de Energia Eólica Lda	Porto	Portugal	5,000	EUR	Finerge - Gestão de Projectos Energéticos SA	30.60%	51.00%	Line-by-line
Eolfior - Produção de Energia Eólica Lda	Porto	Portugal	5,000	EUR	Finerge - Gestão de Projectos Energéticos SA	30.60%	51.00%	Line-by-line
Essex Company	Boston	USA	100	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Estrellada SA	Montevideo	Uruguay	448,000	UYU	Enel Green Power Uruguay SA	100.00%	100.00%	Line-by-line
Explotaciones Eólicas de Escucha SA	Zaragoza	Spain	3,505,000	EUR	Enel Green Power España SL	42.00%	70.00%	Line-by-line
Explotaciones Eólicas El Puerto SA	Teruel	Spain	3,230,000	EUR	Enel Green Power España SL	44.16%	73.60%	Line-by-line
Explotaciones Eólicas Saso Plano SA	Zaragoza	Spain	5,488,500	EUR	Enel Green Power España SL	39.00%	65.00%	Line-by-line
Explotaciones Eólicas Sierra Costera SA	Zaragoza	Spain	8,046,800	EUR	Enel Green Power España SL	54.00%	90.00%	Line-by-line
Explotaciones Eólicas Sierra La Virgen SA	Zaragoza	Spain	4,200,000	EUR	Enel Green Power España SL	54.00%	90.00%	Line-by-line
Eólica del Noroeste SL	La Coruña	Spain	36,100	EUR	Enel Green Power España SL	30.60%	51.00%	Line-by-line
Eólica del Principado SAU	Oviedo	Spain	90,000	EUR	Enel Green Power España SL	24.00%	40.00%	Equity
Eólica Valle del Ebro SA	Zaragoza	Spain	5,559,340	EUR	Enel Green Power España SL	30.30%	50.50%	Line-by-line
Eólica Zopiloapan SAPI de Cv	Mexico City	Mexico	1,877,201,540	MXN	Enel Green Power Partecipazioni Speciali Srl Enel Green Power México S de RL de Cv	96.48%	39.50% 56.98%	Line-by-line
Eólicas de Agaete SL	Las Palmas de Gran Canaria	Spain	240,400	EUR	Enel Green Power España SL	48.00%	80.00%	Line-by-line
Eólicas de Fuencaliente SA	Las Palmas de Gran Canaria	Spain	216,360	EUR	Enel Green Power España SL	33.00%	55.00%	Line-by-line
Eólicas de Fuerteventura AIE	Fuerteventura - Las Palmas	Spain	-	EUR	Enel Green Power España SL	24.00%	40.00%	Equity
Eólicas de la Patagonia SA	Buenos Aires	Argentina	480,930	ARS	Enel Green Power España SL	30.00%	50.00%	Equity
Eólicas de Lanzarote SL	Las Palmas de Gran Canaria	Spain	1,758,000	EUR	Enel Green Power España SL	24.00%	40.00%	Equity

	Registered office	Country	Share capital	Currency	Held by	Group % holding	% holding of ordinary shares	Consolidation method
Eólicas de Tenerife AIE	Santa Cruz de Tenerife	Spain	420,708	EUR	Enel Green Power España SL	30.00%	50.00%	Equity
Eólicas de Tirajana AIE	Las Palmas de Gran Canaria	Spain	-	EUR	Enel Green Power España SL	36.00%	60.00%	Line-by-line
Fiesta City Solar LLC	Minneapolis (Minnesota)	USA	-	USD	Aurora Distributed Solar LLC	100.00%	100.00%	Line-by-line
Finerge - Gestão de Projectos Energéticos SA	Porto	Portugal	750,000	EUR	Enel Green Power España SL	60.00%	100.00%	Line-by-line
Florence Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Fuentes Renovables de Guatemala SA	Guatemala City	Guatemala	5,000	GTQ	Enel Green Power Guatemala SA Renovables de Guatemala SA	97.53%	60.00% 40.00%	Line-by-line
Fulcrum Inc.	Boise	USA	1,003	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Gibson Bay Wind Farm (RF) (Pty) Ltd	Johannesburg	South Africa	1,000	ZAR	Enel Green Power RSA (Pty) Ltd	60.00%	60.00%	Line-by-line
GV Energie Rigenerabili ITAL-RO Srl	Bucharest	Romania	675,400	RON	Enel Green Power Romania Srl Enel Green Power International BV	100.00%	99.99% 0.01%	Line-by-line
Gauley Hydro LLC	Wilmington (Delaware)	USA	-	USD	Essex Company	100.00%	100.00%	Line-by-line
Gauley River Management Corporation	Willison (Vermont)	USA	1	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Gauley River Power Partners LP	Willison (Vermont)	USA	-	USD	Gauley River Management Corporation	100.00%	100.00%	Line-by-line
Generadora de Occidente Ltda	Guatemala City	Guatemala	16,261,697	GTQ	Enel Green Power International BV Enel Green Power Guatemala SA	100.00%	99.00% 1.00%	Line-by-line
Generadora Montecristo SA	Guatemala City	Guatemala	3,820,000	GTQ	Enel Green Power International BV Enel Green Power Guatemala SA	100.00%	99.99% 0.01%	Line-by-line
Geotérmica del Norte SA	Santiago	Chile	64,779,811,451	CLP	Enel Green Power Chile Ltda	50.95%	51.00%	Line-by-line
Geronimo Huron Wind Farm LLC	Andover (Massachusetts)	USA	-	USD	Enel Kansas LLC	100.00%	100.00%	Line-by-line
Geronimo Wind Energy LLC	Minneapolis (Minnesota)	USA	-	USD	EGP Geronimo Holding Company Inc.	49.20%	49.20%	Equity
Goodwell Wind Project LLC	Wilmington (Delaware)	USA	-	USD	Enel Kansas LLC	100.00%	100.00%	Line-by-line
Hispano Generación de Energía Solar SL	Jerez de los Caballeros (Badajoz)	Spain	3,500	EUR	Enel Green Power España SL	30.60%	51.00%	Line-by-line
Hadley Ridge LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Hastings Solar LLC	Minneapolis (Minnesota)	USA	-	USD	Aurora Distributed Solar LLC	100.00%	100.00%	Line-by-line
Hidroelectricidad del Pacífico S de RL de Cv	Mexico City	Mexico	30,890,736	MXN	Enel Green Power México S de RL de Cv	99.99%	99.99%	Line-by-line
Hidroeléctrica De Ourol SL	Lugo	Spain	1,608,200	EUR	Enel Green Power España SL	18.00%	30.00%	Equity
Hidroeléctrica Don Rafael SA	San José	Costa Rica	10,000	CRC	Enel Green Power Costa Rica SA	65.00%	65.00%	Line-by-line
Highfalls Hydro Company Inc.	Wilmington (Delaware)	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Hope Creek LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Hydro Development Group Inc.	Albany	USA	12	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Hydro Energies Corporation	Willison (Vermont)	USA	5,000	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Hydro Finance Holding Company Inc.	Wilmington (Delaware)	USA	100	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Hydromac Energy BV	Amsterdam	Netherlands	18,000	EUR	Enel Green Power International BV	100.00%	100.00%	Line-by-line

	Registered office	Country	Share capital	Currency	Held by	Group % holding	% holding of ordinary shares	Consolidation method
International Eolian of Korinthia SA	Maroussi	Greece	6,471,798	EUR	Enel Green Power Hellas SA	80.00%	80.00%	Line-by-line
International Eolian of Grammatiko SA	Maroussi	Greece	436,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
International Eolian of Peloponnisos 1 SA	Maroussi	Greece	418,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
International Eolian of Peloponnisos 2 SA	Maroussi	Greece	514,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
International Eolian of Peloponnisos 3 SA	Maroussi	Greece	423,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
International Eolian of Peloponnisos 4 SA	Maroussi	Greece	465,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
International Eolian of Peloponnisos 5 SA	Maroussi	Greece	509,500	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
International Eolian of Peloponnisos 6 SA	Maroussi	Greece	447,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
International Eolian of Peloponnisos 7 SA	Maroussi	Greece	418,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
International Eolian of Peloponnisos 8 SA	Maroussi	Greece	418,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Isamu Ikeda Energia SA	Rio de Janeiro	Brazil	61,474,476	BRL	Enel Brasil Participações Ltda	100.00%	100.00%	Line-by-line
Italgest Energy (Pty) Ltd	Johannesburg	South Africa	1,000	ZAR	Enel Green Power RSA (Pty) Ltd	100.00%	100.00%	Line-by-line
Jack River LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Jessica Mills LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Julia Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Kongul Enerji Sanayi Ve Ticaret Anonim Şirketi	Istanbul	Turkey	50,000	TRY	Enel Green Power Turkey Enerji Yatirimlari Anonim Şirketi	100.00%	100.00%	Line-by-line
Kalenta SA	Maroussi	Greece	4,359,000	EUR	Enel Green Power Solar Energy Srl	100.00%	100.00%	Line-by-line
Kings River Hydro Company Inc.	Wilmington (Delaware)	USA	100	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Kinneytown Hydro Company Inc.	Wilmington (Delaware)	USA	100	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
LaChute Hydro Company Inc.	Wilmington (Delaware)	USA	100	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Lake Emily Solar LLC	Minneapolis (Minnesota)	USA	-	USD	Aurora Distributed Solar LLC	100.00%	100.00%	Line-by-line
Lake Pulaski Solar LLC	Minneapolis (Minnesota)	USA	-	USD	Aurora Distributed Solar LLC	100.00%	100.00%	Line-by-line
Lawrence Creek Solar LLC	Minneapolis (Minnesota)	USA	-	USD	Aurora Distributed Solar LLC	100.00%	100.00%	Line-by-line
Lawrence Hydroelectric Associates LP	Boston	USA	-	USD	Essex Company Enel Green Power North America Inc.	100.00%	92.50% 7.50%	Line-by-line
Lester Prairie Solar LLC	Minneapolis (Minnesota)	USA	-	USD	Aurora Distributed Solar LLC	100.00%	100.00%	Line-by-line
Little Elk Wind Project LLC	Oklahoma City	USA	-	USD	Enel Kansas LLC	100.00%	100.00%	Line-by-line
Littleville Power Company Inc.	Boston	USA	1	USD	Hydro Development Group Inc.	100.00%	100.00%	Line-by-line
Lower Saranac Corporation	New York (New York)	USA	1	USD	Twin Saranac Holdings LLC	100.00%	100.00%	Line-by-line
Lower Saranac Hydro Partners LP	Wilmington (Delaware)	USA	-	USD	Twin Saranac Holdings LLC Lower Saranac Corporation	100.00%	99.00% 1.00%	Line-by-line
Maicor Wind Srl	Rome	Italy	20,850,000	EUR	Enel Green Power SpA	60.00%	60.00%	Line-by-line
Manlenox (Pty) Ltd	Houghton	South Africa	97	ZAR	Enel Green Power RSA (Pty) Ltd	98.87%	98.87%	Line-by-line
Mascoma Hydro Corporation	Concord	USA	1	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Mason Mountain Wind Project LLC	Wilmington (Delaware)	USA	-	USD	Padoma Wind Power LLC	100.00%	100.00%	Line-by-line
Matrigenix (Pty) Limited	Houghton	South Africa	1,000	ZAR	Enel Green Power RSA (Pty) Ltd	100.00%	100.00%	Line-by-line



	Registered office	Country	Share capital	Currency	Held by	Group % holding	% holding of ordinary shares	Consolidation method
Mayhew Lake Solar LLC	Minneapolis (Minnesota)	USA	-	USD	Aurora Distributed Solar LLC	100.00%	100.00%	Line-by-line
Metro Wind LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Mexicana de Hidroelectricidad Mexhidro S de RL de Cv	Mexico City	Mexico	181,728,701	MXN	Enel Green Power México S de RL de Cv	99.99%	99.99%	Line-by-line
Midway Farms Wind Project LLC	Dallas (Texas)	USA	-	USD	Trade Wind Energy LLC	100.00%	100.00%	Line-by-line
Mill Shoals Hydro Company Inc.	Wilmington (Delaware)	USA	100	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Minicentrales del Canal Imperial-Gallur SL	Zaragoza	Spain	1,820,000	EUR	Enel Green Power España SL	21.90%	36.50%	Equity
Missisquoi Associates GP	Los Angeles (California)	USA	-	USD	Sheldon Springs Hydro Associates LP Sheldon Vermont Hydro Company Inc.	100.00%	99.00% 1.00%	Line-by-line
Molinos de Viento del Arenal SA	San José	Costa Rica	9,709,200	USD	Enel Green Power Costa Rica SA	49.00%	49.00%	Line-by-line
Montrose Solar LLC	Minneapolis (Minnesota)	USA	-	USD	Aurora Distributed Solar LLC	100.00%	100.00%	Line-by-line
Mustang Run Wind Project LLC	Oklahoma City	USA	-	USD	Enel Kansas LLC	100.00%	100.00%	Line-by-line
Nojoli Wind Farm (RF) (Pty) Ltd	Johannesburg	South Africa	10,000,000	ZAR	Enel Green Power RSA (Pty) Ltd	60.00%	60.00%	Line-by-line
Nevkan Renewables LLC	Wilmington (Delaware)	USA	-	USD	Enel Nevkan Inc.	100.00%	100.00%	Line-by-line
Newbury Hydro Company	Burlington (Vermont)	USA	-	USD	Sweetwater Hydroelectric Inc. Enel Green Power North America Inc.	100.00%	1.00% 99.00%	Line-by-line
NeWind Group Inc.	St. John's (Newfoundland)	Canada	578,192	CAD	Enel Green Power Canada Inc.	100.00%	100.00%	Line-by-line
Northwest Hydro Inc.	Wilmington (Delaware)	USA	100	USD	Chi West Inc.	100.00%	100.00%	Line-by-line
Notch Butte Hydro Company Inc.	Wilmington (Delaware)	USA	100	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Odell Wind Farm LLC	Minneapolis (Minnesota)	USA	-	USD	Enel Kansas LLC	100.00%	100.00%	Line-by-line
Operación y Mantenimiento Tierras Morenas SA	San José	Costa Rica	30,000	CRC	Enel Green Power Costa Rica SA	85.00%	85.00%	Line-by-line
Origin Goodwell Holdings LLC	Wilmington (Delaware)	USA	-	USD	EGPNA Wind Holdings 1 LLC	100.00%	100.00%	Line-by-line
Origin Wind Energy LLC	Wilmington (Delaware)	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Osage Wind LLC	Delaware	USA	-	USD	Enel Kansas LLC	50.00%	50.00%	Equity
Ottauquehee Hydro Company Inc.	Wilmington (Delaware)	USA	100	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Oxagesa AIE	Teruel	Spain	6,010	EUR	Enel Green Power España SL	20.00%	33.33%	Equity
Oyster Bay Wind Farm (Pty) Ltd	Cape Town	South Africa	1,000	ZAR	Enel Green Power RSA (Pty) Ltd	100.00%	100.00%	Line-by-line
P.E. Cote SA	San José	Costa Rica	10,000	CRC	Enel Green Power Costa Rica SA	65.00%	65.00%	Line-by-line
P.V. Huacas SA	San José	Costa Rica	10,000	CRC	Enel Green Power Costa Rica SA	65.00%	65.00%	Line-by-line
Parque Eólico Curva dos Ventos Ltda	Bahia	Brazil	420,000	BRL	Enel Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	100.00%	99.00% 1.00%	Line-by-line
Parque Eólico Engenho Geradora de Energia Ltda	Fortaleza	Brazil	685,423	BRL	Enel Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	100.00%	99.00% 1.00%	Line-by-line
Parque Eólico Fontes dos Ventos Ltda	Recife	Brazil	5,091,945	BRL	Enel Green Power Desenvolvimento Ltda Enel Brasil Participações Ltda	99.04%	0.04% 99.00%	Line-by-line
Parque Eólico Ouroventos Ltda	Bahia	Brazil	566,347	BRL	Enel Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	100.00%	99.00% 1.00%	Line-by-line

	Registered office	Country	Share capital	Currency	Held by	Group % holding	% holding of ordinary shares	Consolidation method
Parque Eólico Serra Azul Ltda	Bahia	Brazil	940,567	BRL	Enel Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	100.00%	99.00% 1.00%	Line-by-line
Parque Eólico Ventania Geradora de Energia Ltda	Fortaleza	Brazil	440,267	BRL	Enel Green Power Desenvolvimento Ltda Enel Brasil Participações Ltda	100.00%	1.00% 99.00%	Line-by-line
PH Chucas SA	San José	Costa Rica	100,000	CRC	Enel Green Power Costa Rica SA Enel Green Power SpA	62.48%	40.31% 22.17%	Line-by-line
PH Don Pedro SA	San José	Costa Rica	100,001	CRC	Enel Green Power Costa Rica SA	33.44%	33.44%	Line-by-line
PH Guacimo SA	San José	Costa Rica	50,000	CRC	Enel Green Power Costa Rica SA	65.00%	65.00%	Line-by-line
PH Rio Volcan SA	San José	Costa Rica	100,001	CRC	Enel Green Power Costa Rica SA	34.32%	34.32%	Line-by-line
Padoma Wind Power LLC	Los Angeles (California)	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Papeleira Portuguesa SA	São Paio de Oleiros	Portugal	916,229	EUR	TP - Sociedade Térmica Portuguesa SA	1.57%	2.62%	Equity
Paravento SL	Lugo	Spain	3,006	EUR	Enel Green Power España SL	54.00%	90.00%	Line-by-line
Parc Eolic Els Aligars SL	Barcelona	Spain	1,313,100	EUR	Enel Green Power España SL	18.00%	30.00%	Equity
Parc Eolic La Tossa-La Mola D'en Pascual SL	Barcelona	Spain	1,183,100	EUR	Enel Green Power España SL	18.00%	30.00%	Equity
Parque Eólico de Belmonte SA	Madrid	Spain	120,400	EUR	Enel Green Power España SL	30.10%	50.16%	Line-by-line
Parque Eólico Taltal SA	Santiago	Chile	20,878,010,000	CLP	Enel Green Power Latin America Ltda Enel Green Power Chile Ltda	99.91%	0.01% 99.99%	Line-by-line
Parque Eólico A Capelada AIE	Santiago de Compostela	Spain	5,857,586	EUR	Enel Green Power España SL	60.00%	100.00%	Line-by-line
Parque Eólico Carretera de Arinaga SA	Las Palmas de Gran Canaria	Spain	1,603,000	EUR	Enel Green Power España SL	48.00%	80.00%	Line-by-line
Parque Eólico de Aragón AIE	Zaragoza	Spain	601,000	EUR	Enel Green Power España SL	48.00%	80.00%	Line-by-line
Parque Eólico de Barbanza SA	La Coruña	Spain	3,606,000	EUR	Enel Green Power España SL	45.00%	75.00%	Line-by-line
Parque Eólico de Gevancas SA	Porto	Portugal	50,000	EUR	Finerge - Gestão de Projectos Energéticos SA	60.00%	100.00%	Line-by-line
Parque Eólico de San Andrés SA	La Coruña	Spain	552,920	EUR	Enel Green Power España SL	49.20%	82.00%	Line-by-line
Parque Eólico de Santa Lucía SA	Las Palmas de Gran Canaria	Spain	901,500	EUR	Enel Green Power España SL	39.40%	65.67%	Line-by-line
Parque Eólico do Alto da Vaca Lda	Porto	Portugal	125,000	EUR	Finerge - Gestão de Projectos Energéticos SA	45.00%	75.00%	Line-by-line
Parque Eólico do Vale do Abade Lda	Porto	Portugal	5,000	EUR	Finerge - Gestão de Projectos Energéticos SA	30.60%	51.00%	Line-by-line
Parque Eólico Finca de Mogán SA	Las Palmas de Gran Canaria	Spain	3,810,340	EUR	Enel Green Power España SL	54.00%	90.00%	Line-by-line
Parque Eólico Montes de Las Navas SA	Madrid	Spain	6,540,000	EUR	Enel Green Power España SL	45.30%	75.50%	Line-by-line
Parque Eólico Punta de Teno SA	Tenerife	Spain	528,880	EUR	Enel Green Power España SL	31.20%	52.00%	Line-by-line
Parque Eólico Renaico SpA	Santiago	Chile	1,000,000	CLP	Enel Green Power Chile Ltda	99.91%	100.00%	Line-by-line
Parque Eólico Serra da Capucha SA	Porto	Portugal	50,000	EUR	TP - Sociedade Térmica Portuguesa SA Finerge - Gestão de Projectos Energéticos SA	60.00%	50.00% 50.00%	Line-by-line
Parque Eólico Sierra del Madero SA	Soria	Spain	7,193,970	EUR	Enel Green Power España SL	34.80%	58.00%	Line-by-line
Parque Eólico Valle de los Vientos SA	Santiago	Chile	566,096,564	CLP	Enel Green Power Chile Ltda Enel Green Power Latin America Ltda	99.91%	99.99% 0.01%	Line-by-line
Parque Solar Carrera Pinto SA	Santiago	Chile	10,000,000	CLP	Enel Green Power Chile Ltda	98.91%	99.00%	Line-by-line
Parque Talinay Oriente SA	Santiago	Chile	66,092,165,171	CLP	Enel Green Power Chile Ltda Enel Green Power SpA	95.43%	60.92% 34.57%	Line-by-line

	Registered office	Country	Share capital	Currency	Held by	Group % holding	% holding of ordinary shares	Consolidation method
Paynesville Solar LLC	Minneapolis (Minnesota)	USA	-	USD	Aurora Distributed Solar LLC	100.00%	100.00%	Line-by-line
Pelzer Hydro Company Inc.	Wilmington (Delaware)	USA	100	USD	Consolidated Hydro Southeast Inc.	100.00%	100.00%	Line-by-line
Pine Island Distributed Solar LLC	Minneapolis (Minnesota)	USA	-	USD	Aurora Distributed Solar LLC	100.00%	100.00%	Line-by-line
Pipestone Solar LLC	Minneapolis (Minnesota)	USA	-	USD	Aurora Distributed Solar LLC	100.00%	100.00%	Line-by-line
Planta Eólica Europea SA	Seville	Spain	1,198,530	EUR	Enel Green Power España SL	33.67%	56.12%	Line-by-line
PowerCrop Srl	Bologna	Italy	4,000,000	EUR	Enel Green Power SpA	50.00%	50.00%	Equity
PowerCrop Macchiareddu Srl	Bologna	Italy	100,000	EUR	PowerCrop Srl	50.00%	100.00%	Equity
PowerCrop Russi Srl	Bologna	Italy	10,000	EUR	PowerCrop Srl	50.00%	100.00%	Equity
Pp - Co-Geração SA	São Paio de Oleiros	Portugal	50,000	EUR	TP - Sociedade Térmica Portuguesa SA	60.00%	100.00%	Line-by-line
Prairie Rose Transmission LLC	Minneapolis (Minnesota)	USA	-	USD	Prairie Rose Wind LLC	75.00%	100.00%	Line-by-line
Prairie Rose Wind LLC	New York (New York)	USA	-	USD	Enel Kansas LLC	75.00%	75.00%	Line-by-line
Primavera Energia SA	Rio de Janeiro	Brazil	36,965,445	BRL	Enel Brasil Participações Ltda	100.00%	100.00%	Line-by-line
Productor Regional de Energía Renovable SA	Valladolid	Spain	710,500	EUR	Enel Green Power España SL	51.00%	85.00%	Line-by-line
Productor Regional de Energía Renovable III SA	Valladolid	Spain	88,398	EUR	Enel Green Power España SL	49.73%	82.89%	Line-by-line
Productora de Energías SA	Barcelona	Spain	30,050	EUR	Enel Green Power España SL	18.00%	30.00%	Equity
Promociones Energéticas del Bierzo SL	Ponferrada	Spain	12,020	EUR	Enel Green Power España SL	60.00%	100.00%	Line-by-line
Proveedora de Electricidad de Occidente S de RL de Cv	Mexico City	Mexico	89,708,735	MXN	Enel Green Power México S de RL de Cv	99.99%	99.99%	Line-by-line
Proyecto Eólico El Pedregal SA	San José	Costa Rica	10,000	CRC	Enel Green Power Costa Rica SA	65.00%	65.00%	Line-by-line
Proyectos Universitarios De Energías Renovables SL	Alicante	Spain	180,000	EUR	Enel Green Power España SL	20.00%	33.33%	Equity
Pulida Energy (RF) (Pty) Ltd	Houghton	South Africa	10,000,000	ZAR	Enel Green Power RSA (Pty) Ltd	52.70%	52.70%	Line-by-line
Pyrites Associates GP	New York (New York)	USA	-	USD	Enel Green Power North America Inc. Hydro Development Group Inc.	100.00%	50.00% 50.00%	Line-by-line
Quatiara Energia SA	Rio de Janeiro	Brazil	16,566,511	BRL	Enel Brasil Participações Ltda	100.00%	100.00%	Line-by-line
Rattlesnake Creek Wind Project LLC	Lincoln	USA	-	USD	Enel Kansas LLC	100.00%	100.00%	Line-by-line
Renovables de Guatemala SA	Guatemala City	Guatemala	1,924,465,600	GTQ	Enel Green Power International BV Enel Green Power SpA Enel Green Power Guatemala SA	93.84%	42.83% 51.00% 0.01%	Line-by-line
Rock Creek Limited Partnership	Los Angeles (California)	USA	-	USD	Northwest Hydro Inc. Chi West Inc.	100.00%	17.50% 82.50%	Line-by-line
Rocky Caney Wind LLC	New York (New York)	USA	-	USD	Enel Kansas LLC	100.00%	100.00%	Line-by-line
Rocky Ridge Wind Project LLC	Oklahoma City	USA	-	USD	Rocky Caney Wind LLC	100.00%	100.00%	Line-by-line
Ruthton Ridge LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Salto de San Rafael SL	Seville	Spain	461,410	EUR	Enel Green Power España SL	30.00%	50.00%	Equity
San Juan Mesa Wind Project II LLC	Wilmington (Delaware)	USA	-	USD	Padoma Wind Power LLC	100.00%	100.00%	Line-by-line
Scandia Solar LLC	Minneapolis (Minnesota)	USA	-	USD	Aurora Distributed Solar LLC	100.00%	100.00%	Line-by-line
Se Hazelton A LP	Los Angeles (California)	USA	-	USD	Chi West Inc. Bypass Power Company	100.00%	99.00% 1.00%	Line-by-line

	Registered office	Country	Share capital	Currency	Held by	Group % holding	% holding of ordinary shares	Consolidation method
Sealve - Sociedade Eléctrica de Alvaiázere SA	Porto	Portugal	50,000	EUR	Finerge - Gestão de Projectos Energéticos SA	60.00%	100.00%	Line-by-line
Serra do Moncoso Cambas SL	La Coruña	Spain	3,125	EUR	Enel Green Power España SL	60.00%	100.00%	Line-by-line
Servicio de Operación y Mantenimiento para Energías Renovables S de RL de Cv	Mexico City	Mexico	3,000	MXN	Enel Green Power Guatemala SA Energía Nueva Energía Limpia México S de RL de Cv	0.02%	0.01% 0.01%	Line-by-line
Sheldon Springs Hydro Associates LP	Wilmington (Delaware)	USA	-	USD	Sheldon Vermont Hydro Company Inc.	100.00%	100.00%	Line-by-line
Sheldon Vermont Hydro Company Inc.	Wilmington (Delaware)	USA	-	USD	Boott Sheldon Holdings LLC	100.00%	100.00%	Line-by-line
Sisconer - Exploração de Sistemas de Conversão de Energia Lda	Porto	Portugal	5,000	EUR	Finerge - Gestão de Projectos Energéticos SA	33.00%	55.00%	Line-by-line
Sistema Eléctrico de Conexión Montes Orientales SL	Granada	Spain	44,900	EUR	Enel Green Power España SL	10.02%	16.70%	Equity
Sistema Eléctrico de Conexión Valcaire SL	Madrid	Spain	175,200	EUR	Enel Green Power España SL	16.88%	28.13%	Equity
Sistemas Energeticos Mañón Ortigueira SA	La Coruña	Spain	2,007,750	EUR	Enel Green Power España SL	57.60%	96.00%	Line-by-line
Slate Creek Hydro Associates LP	Los Angeles (California)	USA	-	USD	Slate Creek Hydro Company Inc.	100.00%	100.00%	Line-by-line
Slate Creek Hydro Company Inc.	Wilmington (Delaware)	USA	100	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Smoky Hills Wind Farm LLC	Topeka	USA	-	USD	Texkan Wind LLC	100.00%	100.00%	Line-by-line
Smoky Hills Wind Project II LLC	Topeka	USA	-	USD	Nevkan Renewables LLC	100.00%	100.00%	Line-by-line
Snyder Wind Farm LLC	Dallas (Texas)	USA	-	USD	Texkan Wind LLC	100.00%	100.00%	Line-by-line
Socibe Energia SA	Rio de Janeiro	Brazil	19,969,032	BRL	Enel Brasil Participações Ltda	100.00%	100.00%	Line-by-line
Sociedad Eólica De Andalucía SA	Seville	Spain	4,507,591	EUR	Enel Green Power España SL	38.84%	64.74%	Line-by-line
Sociedad Eólica El Puntal SL	Seville	Spain	1,643,000	EUR	Enel Green Power España SL	30.00%	50.00%	Equity
Sociedad Eólica Los Lances SA	Cádiz	Spain	2,404,048	EUR	Enel Green Power España SL	36.00%	60.00%	Line-by-line
Società Agricola Trino Srl	Milan	Italy	50,000	EUR	Agatos Green Power Trino	80.00%	100.00%	Line-by-line
Soliloquoy Ridge LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Somersworth Hydro Company Inc.	Wilmington (Delaware)	USA	100	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Sotavento Galicia SA	Santiago de Compostela	Spain	601,000	EUR	Enel Green Power España SL	21.60%	36.00%	Equity
South Fork Wind LLC	Minneapolis (Minnesota)	USA	100	USD	Enel Kansas LLC	100.00%	100.00%	Line-by-line
Southwest Transmission LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Spartan Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Stipa Nayaá SA de Cv	Colonia Cuauhtémoc	Mexico	1,811,016,348	MXN	Enel Green Power México S de RL de Cv Enel Green Power Partecipazioni Speciali Srl	95.37%	55.21% 40.16%	Line-by-line
Sublunary Trading (RF) (Pty) Ltd	Johannesburg	South Africa	8,757,214	ZAR	Enel Green Power Solar Energy Srl	57.00%	57.00%	Line-by-line
Summit Energy Storage Inc.	Wilmington (Delaware)	USA	2,050,000	USD	Enel Green Power North America Inc.	75.00%	75.00%	Line-by-line
Sun River LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Sweetwater Hydroelectric Inc.	Concord	USA	250	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
TERRAE Iniziative per lo sviluppo agroindustriale SpA	Rome	Italy	19,060,811	EUR	Enel Green Power SpA	20.00%	20.00%	Equity

	Registered office	Country	Share capital	Currency	Held by	Group % holding	% holding of ordinary shares	Consolidation method
Tobivox (RF) (Pty) Ltd	Houghton	South Africa	10,000,000	ZAR	Enel Green Power RSA (Pty) Ltd	60.00%	60.00%	Line-by-line
TP - Sociedade Térmica Portuguesa SA	Lisbon	Portugal	3,750,000	EUR	Finerge - Gestão de Projectos Energéticos SA	60.00%	100.00%	Line-by-line
Taranto Solar Srl	Rome	Italy	100,000	EUR	Enel Green Power SpA	51.00%	51.00%	Line-by-line
Tecnoquat SA	Guatemala City	Guatemala	30,948,000	GTQ	Enel Green Power International BV	75.00%	75.00%	Line-by-line
Texkan Wind LLC	Wilmington (Delaware)	USA	-	USD	Enel Texkan Inc.	100.00%	100.00%	Line-by-line
Tko Power Inc.	Los Angeles (California)	USA	1	USD	Chi West Inc.	100.00%	100.00%	Line-by-line
Toledo Pv AEIE	Madrid	Spain	26,890	EUR	Enel Green Power España SL	20.00%	33.33%	Equity
Trade Wind Energy LLC	New York (New York)	USA	-	USD	Chi Power Inc. Enel Kansas LLC	100.00%	1.00% 99.00%	Line-by-line
Tradewind Energy Inc.	Wilmington (Delaware)	USA	200,000	USD	Enel Kansas LLC	19.90%	19.90%	Equity
Transmisora de Energía Renovable SA	Guatemala City	Guatemala	237,341,200	GTQ	Enel Green Power International BV Enel Green Power Guatemala SA Generadora Montecristo SA	100.00%	99.98% 0.01% 0.01%	Line-by-line
Triton Power Company	New York (New York)	USA	-	USD	Enel Green Power North America Inc. Highfalls Hydro Company Inc.	100.00%	2.00% 98.00%	Line-by-line
Tsar Nicholas LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Twin Falls Hydro Associates	Seattle	USA	-	USD	Twin Falls Hydro Company Inc.	51.00%	51.00%	Line-by-line
Twin Falls Hydro Company Inc.	Wilmington (Delaware)	USA	10	USD	Twin Saranac Holdings LLC	100.00%	100.00%	Line-by-line
Twin Lake Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Twin Saranac Holdings LLC	Wilmington (Delaware)	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Ukuqala Solar (Pty) Ltd	Johannesburg	South Africa	1,000	ZAR	Enel Green Power RSA (Pty) Ltd	100.00%	100.00%	Line-by-line
Upington Solar (Pty) Ltd	Johannesburg	South Africa	1,000	ZAR	Enel Green Power RSA (Pty) Ltd	100.00%	100.00%	Line-by-line
Vektör Enerji Üretim Anonim Şirketi	Istanbul	Turkey	740,000	TRY	Enel Green Power International BV	100.00%	100.00%	Line-by-line
Vidigenix (Pty) Ltd	Houghton	South Africa	97	ZAR	Enel Green Power RSA (Pty) Ltd	97.75%	97.75%	Line-by-line
WP Bulgaria 1 EOOD	Sofia	Bulgaria	5,000	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%	Line-by-line
WP Bulgaria 10 EOOD	Sofia	Bulgaria	5,000	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%	Line-by-line
WP Bulgaria 11 EOOD	Sofia	Bulgaria	5,000	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%	Line-by-line
WP Bulgaria 12 EOOD	Sofia	Bulgaria	5,000	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%	Line-by-line
WP Bulgaria 13 EOOD	Sofia	Bulgaria	5,000	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%	Line-by-line
WP Bulgaria 14 EOOD	Sofia	Bulgaria	5,000	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%	Line-by-line
WP Bulgaria 15 EOOD	Sofia	Bulgaria	5,000	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%	Line-by-line
WP Bulgaria 19 EOOD	Sofia	Bulgaria	5,000	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%	Line-by-line
WP Bulgaria 21 EOOD	Sofia	Bulgaria	5,000	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%	Line-by-line
WP Bulgaria 26 EOOD	Sofia	Bulgaria	5,000	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%	Line-by-line
WP Bulgaria 3 EOOD	Sofia	Bulgaria	5,000	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%	Line-by-line
WP Bulgaria 6 EOOD	Sofia	Bulgaria	5,000	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%	Line-by-line
WP Bulgaria 8 EOOD	Sofia	Bulgaria	5,000	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%	Line-by-line

	Registered office	Country	Share capital	Currency	Held by	Group % holding	% holding of ordinary shares	Consolidation method
WP Bulgaria 9 EOOD	Sofia	Bulgaria	5,000	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%	Line-by-line
Waseca Solar LLC	Minneapolis (Minnesota)	USA	-	USD	Aurora Distributed Solar LLC	100.00%	100.00%	Line-by-line
West Faribault Solar LLC	Minneapolis (Minnesota)	USA	-	USD	Aurora Distributed Solar LLC	100.00%	100.00%	Line-by-line
West Waconia Solar LLC	Minneapolis (Minnesota)	USA	-	USD	Aurora Distributed Solar LLC	100.00%	100.00%	Line-by-line
Western New York Wind Corporation	Albany	USA	300	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Willimantic Power Corporation	Hartford	USA	1,000	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Wind Park of Koryfao SA	Maroussi	Greece	60,000	EUR	Enel Green Power Hellas SA	100.00%	100.00%	Line-by-line
Wind Parks of Bolibas SA	Maroussi	Greece	551,500	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Wind Parks of Distomos SA	Maroussi	Greece	556,500	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Wind Parks of Drimonakia SA	Maroussi	Greece	736,500	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Wind Parks of Folia SA	Maroussi	Greece	424,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Wind Parks of Gagari SA	Maroussi	Greece	389,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Wind Parks of Goraki SA	Maroussi	Greece	551,500	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Wind Parks of Gourles SA	Maroussi	Greece	555,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Wind Parks of Kafoutsis SA	Maroussi	Greece	551,500	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Wind Parks of Korinthia SA	Maroussi	Greece	3,504,500	EUR	Enel Green Power Hellas SA	80.00%	80.00%	Line-by-line
Wind Parks of Makrilakoma SA	Maroussi	Greece	614,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Wind Parks of Mirovigli SA	Maroussi	Greece	225,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Wind Parks of Pelagia SA	Maroussi	Greece	653,500	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Wind Parks of Petalo SA	Maroussi	Greece	575,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Wind Parks of Sagias SA	Maroussi	Greece	601,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Wind Parks of Skoubi SA	Maroussi	Greece	472,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Wind Parks of Strouboulas SA	Maroussi	Greece	576,500	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Wind Parks of Trikorfo SA	Maroussi	Greece	260,000	EUR	Enel Green Power Hellas SA	29.25%	29.25%	Equity
Wind Parks of Vitalio SA	Maroussi	Greece	361,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Wind Parks of Vourlas SA	Maroussi	Greece	554,000	EUR	Enel Green Power Hellas SA	30.00%	30.00%	Equity
Wind Parks of Anatoli-Prinia SA	Maroussi	Greece	1,110,400	EUR	Enel Green Power Hellas SA	80.00%	80.00%	Line-by-line
Wind Parks of Kathara SA	Maroussi	Greece	296,500	EUR	Enel Green Power Hellas SA	80.00%	80.00%	Line-by-line
Wind Parks of Kerasia SA	Maroussi	Greece	252,000	EUR	Enel Green Power Hellas SA	80.00%	80.00%	Line-by-line
Wind Parks of Milia SA	Maroussi	Greece	399,000	EUR	Enel Green Power Hellas SA	80.00%	80.00%	Line-by-line
Wind Parks of Mitika SA	Maroussi	Greece	255,500	EUR	Enel Green Power Hellas SA	80.00%	80.00%	Line-by-line
Wind Parks of Paliopirgos SA	Maroussi	Greece	200,000	EUR	Enel Green Power Hellas SA	80.00%	80.00%	Line-by-line
Wind Parks of Platanos SA	Maroussi	Greece	179,000	EUR	Enel Green Power Hellas SA	80.00%	80.00%	Line-by-line
Wind Parks of Spilia SA	Maroussi	Greece	496,100	EUR	Enel Green Power Hellas SA	80.00%	80.00%	Line-by-line
Winter's Spawn LLC	Minneapolis (Minnesota)	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Wyoming Solar LLC	Minneapolis (Minnesota)	USA	-	USD	Aurora Distributed Solar LLC	100.00%	100.00%	Line-by-line
Zumbrota Solar LLC	Minneapolis (Minnesota)	USA	-	USD	Aurora Distributed Solar LLC	100.00%	100.00%	Line-by-line





Concept design  
**Inarea - Rome**

Publishing service  
**Aleteia Communication - Rome**

Photo  
**Enel Archive**  
**Alessandro Cosmelli**

Copy editing  
**postScriptum - Rome**

Printing  
**System Graphic - Rome**

Publication not for sale

Edited by  
**Communications Italy**

Disclaimer:

This report issued in Italian has been translated into English solely for the convenience of international readers.

This publication is an integral part of the annual financial report referred to in Article 154-ter, paragraph 1, of the Consolidated Law on Financial Intermediation (Legislative Decree 58 of February 24, 1998)

Enel Green Power  
Società per azioni  
Registered office  
125 Viale Regina Margherita, Rome  
Share capital €1,000,000,000 fully paid in.  
Tax ID and Rome Company Register no.  
10236451000  
Rome R.E.A. no. 1219253  
VAT reg. no. 10236451000

Enel  
Official Global Partner



MILANO 2015  
1 MAY • 31 OCTOBER

[enelgreenpower.com](http://enelgreenpower.com)