



ANNUAL REPORT 2015





Annual Report 2015

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Report on operations





Enel Green Power

Enel Green Power, founded in December 2008, is the Enel Group company devoted to the development and management of the Group's renewables generation operations.

With 713 plants in operation, 31 authorized plants and 37 plants under construction in 16 countries in Europe, Africa, the Americas and Asia, Enel Green Power is a world leader in the industry.

The Group has 4,309 employees, with 10,470 MW of installed capacity and more than 33TWh of output a year, mainly from water, the sun, wind, the heat of the earth and biomass, avoiding the emission of more than 22 million metric tons of CO₂ each year.

Thanks to €9 billion of investment for growth, Enel Green Power is seeking to expand its current installed capacity by more than 7.7 GW by 2019, optimizing its mix of generation technologies in each country.

The Group structure ⁽¹⁾

Corporate

Enel Green Power SpA

Europe and North Africa

- Enel Green Power Romania
- Enel Green Power Bulgaria
- Enel Green Power Hellas
- Enel Green Power España
- Enel Green Power Turkey Enerji Yatirimlari Anonim Şirketi
- 3Sun ⁽²⁾
- Enel Green Power Egypt
- Other minor - Italy ⁽³⁾

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

Sub-Saharan Africa and Asia

- Enel Green Power RSA
- BLP Energy Private

(1) As from October 22, 2015, the Group has adopted the following organizational structure:

- > Europe and North Africa, which includes North Africa, as well as the countries previously included in the Europe area;
- > Latin America;
- > North America;
- > Sub-Saharan Africa and Asia, which includes India and South Africa, previously included in the Europe area.

(2) Fully consolidated as from March 6, 2015.

(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, PowerCrop (joint venture), Enel Green Power Villorosi, Marte and Ultor.

Corporate boards

Board of Directors

Chairman

Alberto De Paoli

Chief Executive Officer

Francesco Venturini

Directors

Luca Anderlini
Carlo Angelici
Ludovica Maria Vittoria Parodi
Borgia
Giovanni Battista Lombardo
Giovanni Pietro Malagnino
Paola Muratorio
Francesca Romana Napolitano
Luciana Tarozzi

Board of Auditors

Chairman

Franco Fontana

Standing auditors

Giuseppe Ascoli
Maria Rosaria Leccese

Alternate auditors

Pietro La China
Alessio Temperini
Anna Rosa Adiutori

Independent auditors

Reconta Ernst & Young

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 (6 men and 4 women),⁽⁴⁾ 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. More specifically:

- > 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;
- > 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.

(4) Until May 6, 2015, the date on which Andrea Brentan resigned from his position as director of Enel Green Power SpA, the Company's Board had 10 members, of which 7 men and 3 women.

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.

Summary of Group results

Operations

	Plants in service		
	at Dec. 31, 2015	at Dec. 31, 2014	Change
Hydroelectric	398	398	-
Geothermal	37	37	-
Wind	206	205	1
Solar	66	90	(24)
Biomass	6	5	1
Total	713	735	(22)
- Europe and North Africa	542	582	(40)
- Latin America	67	54	13
- North America	100	98	2
- Sub-Saharan Africa and Asia	4	1	3

	Net installed capacity (MW)			
	at Dec. 31, 2015	at Dec. 31, 2014	Change	at Dec. 31, 2013
Hydroelectric	2,625	2,624	1	2,624
Geothermal	833	833	-	795
Wind	6,575	5,697	878	5,085
Solar	399	433	(34)	249
Cogeneration	-	-	-	37
Biomass	38	39	(1)	23
Total	10,470	9,626	844	8,813

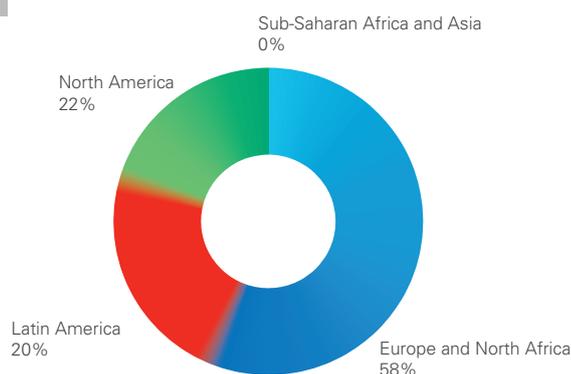
The net installed capacity of the Group at December 31, 2015 amounted to 10,470 MW, an increase of 844 MW (8.8%) compared with December 31, 2014.

Excluding the 126 MW of net installed capacity from the

disposal of wind plants in Portugal and the transfer of Italian solar assets to a new joint venture (102 MW), net installed capacity increased by 1,072 MW (11.1%) compared with the end of 2014.

	Net installed capacity (MW)			Average installed capacity (MW)		
	at Dec. 31, 2015	at Dec. 31, 2014	Change	at Dec. 31, 2015	at Dec. 31, 2014	Change
Europe and North Africa	5,615	5,835	(220)	5,958	5,947	11
Latin America	2,167	1,698	469	1,842	1,189	653
North America	2,506	2,083	423	2,181	1,909	272
Sub-Saharan Africa and Asia	182	10	172	58	-	58
Total	10,470	9,626	844	10,039	9,045	994

Net installed capacity (MW)



The growth was essentially driven by the entry into service of wind plants in Latin America (431 MW) and North America (424 MW), partly offset by the decrease in capacity in Europe (220 MW), mostly due to the disposal of wind capacity in Portugal and the contribution of solar assets in Italy to the new joint venture.

Net electricity generation (TWh)

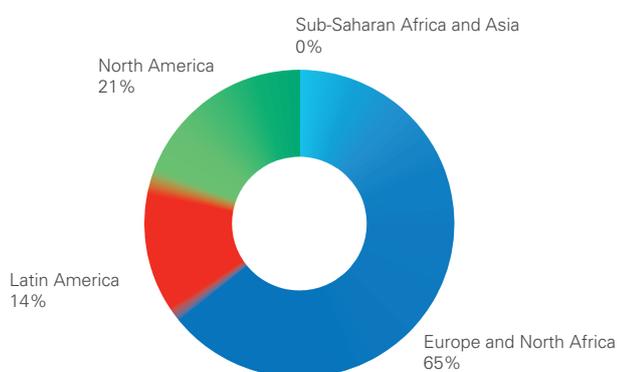
	2015	2014	Change
Hydroelectric	10.4	11.5	(1,1)
Geothermal	6.2	5.9	0.3
Wind	16.1	13.9	2.2
Solar	0.7	0.4	0.3
Biomass	0.2	0.1	0.1
Total	33.6	31.8	1.8

Electricity generation for the Group in 2015 totaled 33.6 TWh, an increase of 1.8 TWh (5.7%) compared with 2014.

Net electricity generation (TWh)

	2015	2014	Change	2013
Europe and North Africa	19.4	20.7	(1.3)	20.1
Latin America	6.7	4.4	2.3	3.8
North America	7.4	6.7	0.7	5.4
Sub-Saharan Africa and Asia	0.1	-	0.1	-
Total	33.6	31.8	1.8	29.3

Electricity generation (TWh)



Electricity generation came to 19.4 TWh in Europe and North Africa (-6.3% compared with 2014), 6.7 TWh in the Latin America area (+52.3% compared with 2014) and 7.4 TWh in the North America area (+10.4% compared with 2014).

More specifically, the growth in 2015 was essentially attributable to the increase in wind generation as a result of the expansion of installed capacity in Latin America (+1.7 TWh) and in North America (+0.8 TWh), partially offset by the disposal of the plants in France at the end of 2014 (-0.3 TWh). The decrease in hydroelectric generation is the result of a deterioration in water conditions in Italy (-1.2 TWh) and in Guatemala (-0.1 TWh), which more than offset the greater output in Panama (+0.5 TWh). There was also a rise in geothermal generation in Italy (+0.3 TWh) and solar output in Chile (+0.2 TWh), the effect of greater installed capacity.

Load factor by generation technology (%)

	2015	2014
Hydroelectric	45.2%	49.8%
Geothermal	85.1%	84.9%
Wind	30.2%	29.9%
Solar	16.7%	15.6%
Biomass	57.3%	54.9%

The average load factor (the ratio of actual generation to theoretical output) in 2015 was 38.2% (40.1% in 2014), due to the deterioration in the hydroelectric load factor in Italy as a result of poorer water availability in 2015 compared with 2014, partly offset by an improvement in availability in Panama. Despite the entry into service of new plants in Latin America, the wind load factor rose only marginally compared

with 2014, mainly due to poorer wind conditions in Iberia and North America and the disposal of wind capacity in France and Portugal.

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

Plants under construction

	MW			Number		
	at	at	Change	at	at	Change
	Dec 31, 2015	Dec. 31, 2014		Dec. 31, 2014	Dec. 31, 2014	
Hydroelectric	163	152	11	17	4	13
Wind	660	623	37	8	10	(2)
Geothermal	38	-	38	1	-	1
Biomass	15	21	(6)	2	5	(3)
Solar	886	180	706	9	5	4
Total	1,762	976	786	37	24	13
<i>Europe and North Africa</i>	34	41	(7)	16	7	9
<i>Latin America</i>	1,215	586	629	15	14	1
<i>North America</i>	-	200	(200)	-	1	(1)
<i>Sub-Saharan Africa and Asia</i>	513	149	364	6	2	4

The main plants under construction include projects in:

- > the solar sector in South Africa (4 projects for a total of 314 MW), Chile (Carrera Pinto 77 MW, Pampa Norte 79 MW, Finis Terrae 160 MW) and Brazil (Ituverava 254 MW);
- > the wind sector in South Africa (Nojoli 88 MW and Gibson Bay 111 MW), Chile (Sierra Gorda 112 MW, Renaico 88

- MW and Los Buenos Aires 24 MW), Mexico (Vientos del Altiplano 100 MW and Palo Alto 129 MW);
- > the geothermal sector in Chile (Cerro Pabellón 38 MW);
- > the hydroelectric sector in Brazil (Apiacás 102 MW) and Costa Rica (Chucas 50 MW);
- > the biomass sector in Italy (Finale Emilia 15 MW).

Plants authorized

	MW			Number		
	at	at	Change	at	at	Change
	Dec 31, 2015	Dec. 31, 2014		Dec 31, 2015	Dec. 31, 2014	
Hydroelectric	-	8	(8)	-	12	(12)
Wind	1,319	325	994	15	5	10
Biomass	2	-	2	7	-	7
Solar	595	512	83	9	7	2
Total	1,916	845	1,071	31	24	7
of which:						
Europe and North Africa	156	8	148	14	12	2
Latin America	947	399	548	11	7	4
North America	108	74	34	1	1	-
Sub-Saharan Africa and Asia	705	364	341	5	4	1

The main plants authorized include projects in:

- > the solar sector in Brazil (Horizonte MP 103 MW, Lapa 158 MW, Nova Olinda 292 MW);
- > the wind sector in Brazil (Delfina 180 MW and Morro do Chapéu 172 MW), in South Africa (5 projects for a total of 705 MW) and in Greece (Kafireas 154 MW).

At December 31, 2015, the Group had a gross pipeline of

projects with a total capacity of 18.9 GW (of which 12.2 GW classified as “potential”, 5.5 GW “likely” and 1.2 GW “highly confident”), of which 3.9 GW in Europe, 3.5 GW in North America and 11.5 GW in emerging markets.

The following table provides a breakdown of the Group’s pipeline at December 31, 2015, by generation technology and commercial operation date (COD).

Gross pipeline (GW)	
at Dec. 31, 2015	
Hydroelectric	0.4
Geothermal	0.5
Wind	13.6
Solar	4.3
Biomass	0.1
Total	18.9
<i>Year of entry into service</i>	
≤ 2017	4.9
> 2017	12.3
> 2019	1.7

Consolidated performance

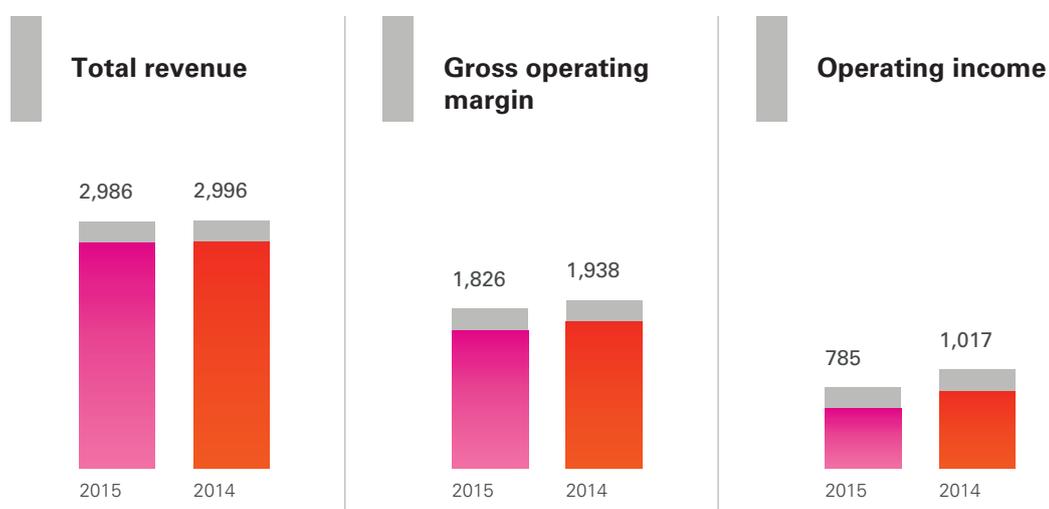
Millions of euro

	2015	2014	Change
Total revenue including commodity contracts measured at fair value	2,986	2,996	(10)
Gross operating margin	1,826	1,942	(116)
Operating income	785	1,021	(236)
Net income (Group and non-controlling interests) ⁽¹⁾	264	440	(176)
Group net income	166	359	(193)
Group net income per share in circulation at year end	0.03	0.07	(0.04)

(1) Of which “Net income from discontinued operations” of a negative €4 million in 2014.

Millions of euro	2015			2014		
	Revenue ⁽¹⁾	Gross operating margin	Operating income	Revenue ⁽¹⁾	Gross operating margin	Operating income
Europe and North Africa	1,862	1,105	365	2,126	1,465	731
Latin America	650	364	249	538	202	142
North America	532	352	168	394	276	149
Sub-Saharan Africa and Asia	14	5	3	3	(1)	(1)
Eliminations and adjustments	(72)	-	-	(65)	-	-
Total continuing operations	2,986	1,826	785	2,996	1,942	1,021
Retail	-	-	-	-	(4)	(4)
TOTAL	2,986	1,826	785	2,996	1,938	1,017

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



Total revenue including commodity contracts measured at fair value amounted to €2,986 million, a decrease of €10 million on 2014 (-0.3%) as the combined result of the decrease of €57 million in other revenue and income (totaling €360 million in 2014) and the increase of €47 million in revenue from sale of electricity (totaling €2,636 million in 2014), taking account of exchange gains of €154 million.

The increase in revenue from the sale of electricity, including incentives, is attributable to the increase in revenue in North America (€106 million) and in Latin America (€101 million) as a result of expanded installed capacity, partly offset by the decline in revenue reported in Europe (€162 million), mainly in Italy (€169 million), due to reduced water

availability and the effects of the disposal of Enel Green Power France (€31 million) in December 2014.

Other revenue in 2015 (totaling €303 million) shows a decrease of €57 million compared with 2014.

Other revenue reflects the effect in the Europe and North Africa area of the acquisition of control of 3Sun (€117 million), the recognition of the indemnity in the agreement with STM (€12 million) and the gain on the sale of Portuguese operations, including the effects of the consolidation of a number of projects in the portfolio held by the ENEOP consortium (€29 million). Other revenue in the Sub-Saharan Africa and Asia area includes the effects of the completion of the purchase price allocation process in respect of the acquisition of South African projects (€12 million).

Other revenue in 2014 mainly reflected the effect of the disposal of equity investments (LaGeo for €123 million and Enel Green Power France for €31 million) and the recognition of the indemnity in the agreement with Sharp on the off-take of the output of the 3Sun plant (€95 million).

The **gross operating margin** amounted to €1,826 million, down €116 million (6.0%) compared with 2014, taking account of exchange gains of €102 million, and it was mainly generated in Europe and North Africa (down €360 million), partly offset by an increase in Latin America (€162 million) and North America (€76 million).

The Europe and North Africa area posted a gross operating margin of €1,105 million, a decrease of €360 million compared with 2014 (€1,465 million). The change reflects the contraction in revenue outlined above, the increase in operating expenses due to the formalization of agreements for the early retirement of personnel in Italy (€48 million) and the increase in operating expenses mainly related to the acquisition of control of 3Sun (€29 million).

The Latin America area posted a gross operating margin of €364 million, up €162 million compared with the previous year (€202 million in 2014), taking account of exchange gains of €44 million, reflecting the increase in revenue (€112 million) and a decrease in costs for purchases of electricity (€119 million), mainly in Panama and in Brazil, partly offset by an increase in operating expenses associated with the expansion of installed capacity in Brazil, Chile and Mexico (€63 million).

The North America area registered a gross operating margin of €352 million, up €76 million compared with the previous year (€276 million), taking account of exchange gains of €58 million, mainly due to the increase in revenue (€138 million), partly offset by higher personnel and operating costs, largely accounted for by the increase in installed capacity.

The Sub-Saharan Africa and Asia area posted a gross operating margin of €5 million, up €6 million compared with 2014 (a loss of €1 million), reflecting an increase in revenue, up €11 million, and the increase in operating expenses in South Africa (€4 million).

Operating income amounted to €785 million, a decrease of €236 million (23.1%) compared with 2014. The effect of the decrease in the gross operating margin was compounded by higher depreciation, amortization and impairment losses (€120 million), in line with the increased installed capacity in Latin America (€51 million) and in North America (€27 million).

In 2015, the item also reflects writedowns recognized on a number of specific projects in North America (€33 million) and on 3Sun (€46 million), the writedown of certain receivables in Europe (€16 million) and impairment losses of €155 million on the assets held in Romania, taking account of the continuing uncertainty in the regulatory framework and market conditions in the country. Moreover, in 2014 the item included the impairment loss recognized on the net assets of Enel Green Power Hellas (€181 million).

Net income pertaining to the shareholders of the Parent Company and non-controlling interests amounted to €264 million, a decrease of €176 million (40.0%) compared with the €440 million posted in 2014 (including a net loss from discontinued operations of €4 million). Income tax for the year came to €184 million, for an effective tax rate of 41.1% compared with a rate of 37.3% in 2014, mainly attributable to the effect of the adjustment of deferred taxes in Italy in accordance with the 2016 Stability Act, which reduced the IRES (corporate income tax) rate from 27.5% to 24% as from 2017, but which was already incorporated in tax calculations at December 31, 2015.

Net income pertaining to the shareholders of the Parent Company amounted to €166 million, a decrease of €193 million (53.8%) compared with the €359 million posted in 2014. Net income reflects the greater contribution of companies with non-controlling interests.

Consolidated financial position

Millions of euro

	2015	2014	Change
Net capital employed	16,509	14,967	1,542
Net financial debt	6,879	6,038	841
Shareholders' equity (including non-controlling interests)	9,630	8,929	701
Shareholders' equity (excluding non-controlling interests) per share in circulation at year end	1.59	1.57	0.02
Operating cash flows	1,295	1,033	262
Operating capital expenditure	2,462	1,629	833

Net capital employed amounted to €16,509 million (€14,967 million at December 31, 2014), an increase of €1,542 million mainly due to the change in net non-current assets (€1,802 million) and net current assets (€218 million).

Net non-current assets amounted to €17,583 million (€15,781 million at December 31, 2014). The change is essentially attributable to the impact of operating capital expenditure during the period (€2,462 million), exchange gains (€355 million), the change in the scope of consolidation with the acquisition of control of 3Sun and a number of companies in India (€266 million), and capitalized financial expense (€80 million), partly offset by depreciation, amortization and impairment losses (€1,041 million).

Net current assets were a negative €460 million (a negative €242 million at December 31, 2014). The change is mainly attributable to the increase in net payables (€380 million). That was partly offset by the increase in net tax receivables (€222 million).

Net financial debt amounted to €6,879 million, an increase of €841 million compared with December 31, 2014. At December 31, 2015, the debt-to-equity ratio was 0.71 (0.68 at December 31, 2014).

Operating capital expenditure in 2015 amounted to €2,462 million, an increase of €833 million compared with 2014. The change mainly regarded the solar sector (€397 million), the wind sector (€244 million) and the hydroelectric sector (€128 million).

Sustainability highlights

The adoption of an approach to sustainability based on Creating Shared Value (CSV) is intended to implement the Group's strategy through the contemporaneous consideration of business objectives and stakeholder needs. The approach involves a "way of doing business" that is integrat-

ed, directed at strengthening all forms of capital (financial, productive, intellectual, human, natural, social-relationship) that can sustain the operations of the company and ensure the creation of shared value with stakeholders.

Financial capital

€3,011 million
Revenue

€184 million
Fiscal contribution (taxes)

€785 million
Operating income

Productive capital

10,470 MW
Installed capacity

33.6 TWh
Annual output

35.2%
Green purchases ⁽⁵⁾

Intellectual capital

19
Innovation partnerships

39
Projects launched and managed
by the Innovation unit

€12.06 million
In Innovation investments

Human capital

161 thousand hours
Training

39.7 years
Average age

+23.5%
Women in the workforce
from 2014 to 2015

Natural capital

22.4 million tons
CO₂ emissions avoided

79%
Waste recovered

38.9 thousand m³
Water used for generation

Social and relationship capital

€4.1 million
Invested in sustainability
projects

205 thousand
Project beneficiaries

168
Sustainability projects

(5) The indicator refers to "green" procurement contracts in Italy.

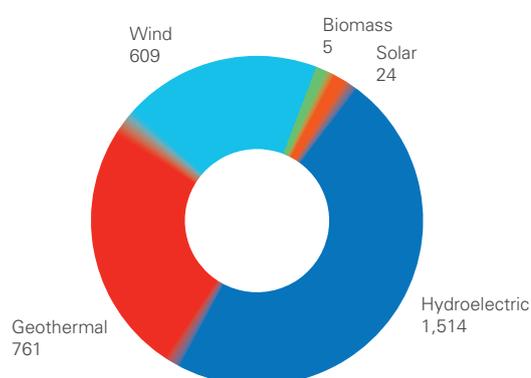
Summary of Parent Company results

Operations

	Net installed capacity (MW)			Number of plants in operation		
	2015	2014	Change	2015	2014	Change
Hydroelectric	1,514	1,512	2	279	279	-
Geothermal	761	761	-	34	34	-
Wind	609	610	(1)	28	28	-
Solar	24	91	(67)	14	31	(17)
Biomass	5	-	5	3	-	3
Total	2,913	2,974	(61)	358	372	(14)

Net installed capacity at December 31, 2015 amounted to 2,913 MW, a decrease of 61 MW (-2.1%) compared with December 31, 2014, mainly due to the partial transfer of solar assets to Altomonte Srl as part of the restructuring of the photovoltaic portfolio as discussed below in "Significant events in 2015". The decrease is partly offset by an increase in the net installed capacity of biomass plants (5 MW), due to the entry into service of the Cornia 2 and San Nicola da Crissa plants and an increase in the net installed capacity of hydroelectric plants (2 MW), due to the entry into service of the Città di Macerata, Lama dei Peligni, Carassai, Villa Potenza and Somma Lombardo plants.

Net installed capacity (MW)



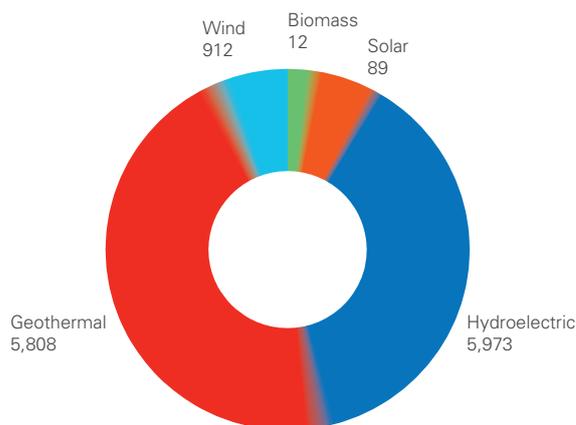
Electricity generation in 2015 totaled 12.8 TWh, a decrease of 1.1 TWh (-7.7%).

	Electricity generation (GWh)			Average installed capacity (MW)		
	2015	2014	Change	2015	2014	Change
Hydroelectric	5,973	7,197	(1,224)	1,513	1,512	1
Geothermal	5,808	5,548	260	761	730	31
Wind	912	1,010	(98)	609	609	-
Solar	89	112	(23)	74	91	(17)
Biomass	12	-	12	2	-	2
Total	12,794	13,867	(1,073)	2,959	2,942	17

The decrease in electricity generation compared with the previous year is mainly due to the transfer of solar assets, which produced a decrease of 23 GWh in output, as well as reduced power generation from hydroelectric (1,224 GWh) and wind (98 GWh) sources due to reduced availability of resources. The decrease was partly offset by an increase in power generation from geothermal plants (+260 GWh), due to the entry into service of the Bagnore 4 geothermal plant in December 2014, and biomass plants (+12 GWh).

The average load factor (the ratio of actual generation to theoretical output obtainable in one year – for a total 8,760 hours – compared with nominal MW) was 49.3% (53.8% in 2014). The decreased load factor compared with that of 2014 was mainly due to poorer water availability in 2015.

Electricity generation (GWh)



Average load factor (%)

	2015	2014
Hydroelectric	45.1	54.3
Geothermal	87.1	86.8
Wind	17.1	18.9
Solar	13.7	14.0
Biomass	54.7	-

Performance and financial position of the Parent Company

Performance

The tables below show performance and financial position at December 31, 2015 compared with the corresponding figures for 2014.

Millions of euro

	2015	2014	Change
Total revenue including commodity contracts measured at fair value	1,241	1,553	(312)
Gross operating margin	560	1,070	(510)
Operating income	273	769	(496)
Net income ⁽¹⁾	92	431	(339)

(1) Of which "Net income from discontinued operations" of a negative €4 million in 2014.

Total revenue including commodity contracts measured at fair value amounted to €1,241 million (€1,553 million in 2014), down €312 million (20.1%), against a decrease of €178 million from revenue from the sale of electricity – including commodity contracts measured at fair value – and from green certificates (totaling €1,001 million in 2015 and €1,179 million in 2014), and a reduction of €134 million in other revenue (which totaled €240 million in 2015 and €374 million in 2014).

Other revenue and income totaled €240 million in 2015 (€374 million in 2014) and essentially reflects revenue from the sale of photovoltaic panels in the amount of €104 million. The decrease of €134 million was attributable to the recognition in 2014 of the gain on the disposal of the equity investment in LaGeo SA de Cv (€148 million) and the indemnity provided for in the agreement with Sharp on the off-take of the output of the 3Sun Srl plant (€95 million).

The contraction in revenue from the sale of electricity reflects a decrease in revenue from green certificates and other incentives (€55 million), a decrease in revenue from the sale of electricity (€33 million) due to reduced power generation and a decrease in net income from commodity contracts measured at fair value (€90 million).

The **gross operating margin** amounted to €560 million, down €510 million compared with the previous year (€1,070 million in 2014) due to a decline in revenue of €312 million as mentioned above and to an increase in costs of €198 million, connected with higher costs for services, materials and other operating expenses (€153 million) as well as higher personnel costs (€41 million), mainly attributable to the formalization of a number of agreements for the early retirement of personnel in Italy.

Operating income amounted to €273 million, a decrease of €496 million compared with the previous year (€769 million in 2014), reflecting the decline in the gross operating margin as described above, partially offset by a decrease in depreciation, amortization and impairment losses of €14 million (€287 million in 2015 and €301 million in 2014), mainly due to the impact of writedowns recognized in 2014.

At the close of 2015, **net income** amounted to €92 million, down €339 million compared with the previous year (€431 million in 2014, including a loss from discontinued operations of €4 million).

The fall in net income was partly offset by a decrease in income tax of €157 million.

Financial position

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change
Net capital employed	10,346	9,640	706
Net financial debt	3,528	2,742	786
Shareholders' equity	6,818	6,898	(80)
Operating cash flows	333	413	(80)
Operating capital expenditure	265	295	(30)

Net capital employed amounted to €10,346 million (€9,640 million at December 31, 2014), an increase of €706 million, mainly due to the increase in net non-current assets (€718 million) and net current assets (€43 million). The increase in net non-current assets essentially reflects the rise in equity investments (€865 million), mostly due to recapitalization of Enel Green Power International BV and 3Sun Srl, partly offset by the reduction in property, plant and equipment (€171 million), due mainly to the transfer of photovoltaic assets from Enel Green Power SpA to Altomonte Srl as part of the restructuring of the photovoltaic portfolio, as discussed in "Significant events in 2015".

The change in net current assets is mainly attributable to the increase in net tax receivables (€140 million) and trade receivables (€55 million), partly offset by the decrease in other current assets (€65 million) and inventories (€56 million).

Net financial debt amounted to €3,528 million (€2,742 million at December 31, 2014), an increase of €786 million on the previous year, mainly reflecting a decrease in other current financial assets (€778 million) and an increase in

short-term borrowings (€181 million), partly offset by a decrease in other non-current financial assets (€127 million).

Shareholders' equity amounted to €6,818 million (€6,898 million at December 31, 2014), consisting of share capital (€1,000 million), the legal reserve (€200 million), other reserves (€4,430 million), as well as retained earnings (€1,095 million) and net income for the year (€92 million). The change on the previous year mainly reflects the recognition of net income and the distribution of dividends from 2014 net income (€160 million).

Cash flows from operating activities generated liquidity in the amount of €333 million, a decrease of €80 million compared with 2014 (€413 million). The rise reflects an increase in the cash requirements associated with the change in net current assets between the two years involved.

Capital expenditure in 2015 amounted to €265 million, a decrease of €30 million compared with the previous year. It mainly involved the construction and refurbishing of a number of hydroelectric plants.

Significant events in 2015⁽⁶⁾



2
March

Enel Green Power starts construction of new Esperança wind farm in Brazil

Enel Green Power began 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, the equivalent of the consumption needs of about 320 thousand Brazilian households, thereby avoiding the atmospheric emission of nearly 53 thousand metric tons of CO₂.

The electricity generated by the wind complex will be sold through power supply contracts, mainly on the regulated market.

Enel Green Power will be investing a total of approximately \$220 million in the project. 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.

4
March

Start of operations at new wind plant in Mexico

Enel Green Power 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 turbines of 3 MW each, for a total installed capacity of 102 MW and is able to generate about 390 GWh per year.

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 with the project. Enel Green Power invested nearly \$160 million in the new wind farm.

In June 2013, Enel Green Power, acting through Enel Green

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

Power México S de RL de Cv, signed a \$100 million loan agreement with the BBVA Bancomer group. A portion of this loan was used to build the new plant, which is owned by Energías Renovables La Mata, SAPI de Cv, a subsidiary of Enel Green Power México S de RL de Cv.

30
March

Enel Green Power signs €160 million loan agreement with KfW IPEX-Bank for wind power in South Africa

Enel Green Power, acting through its wholly-owned subsidiary Enel Green Power RSA (Pty) Ltd (“Enel Green Power RSA”), signed a loan agreement for a total of 2,100 million South African rand (equivalent to about €160 million) with KfW IPEX-Bank, the latter as lender, sole lead arranger and agent, with partial credit insurance coverage provided by the German export credit agency, Euler Hermes. The loan, secured by a parent company guarantee from Enel Green Power, is the first granted by KfW IPEX-Bank to the Enel Green Power Group. The agreement will provide Enel Green Power RSA with two separate lines of financing, with maturities of 7 and 17 years respectively, bearing an interest rate in line with the market benchmark. The loan will be used to finance the investment in the Gibson Bay wind farm, located in Eastern Cape Province, South Africa. The plant will have 37 turbines with a capacity of 3 MW each, for a total installed capacity of 111 MW and capable of generating about 420 GWh of power a year.

31
March

Enel Green Power sells 49% of North American newco to GE Energy Financial Services through a partnership agreement

Enel Green Power, acting through its subsidiary Enel Green Power North America, Inc. (“EGP NA”), entered into an agreement with General Electric unit GE Energy Financial Services for the sale of a 49% stake in a newly created company, EGP NA Renewable Energy Partners LLC (“EGP NA REP”), for a total of approximately \$440 million, subject to certain price adjustments customary to transactions of this kind. EGP NA will continue to own 51% of the part-

nership interests and will remain responsible for the daily administration, operation and maintenance of EGP NA REP assets.

EGP NA REP owns 560 MW of operational generation capacity from a variety of sources, including wind, geothermal, hydro and solar power, as well as a 200 MW wind facility under construction, all in North America.

Within the new company, in addition to its minority interest, GE Energy Financial Services will also receive, for an initial period of three years, a right of first refusal to invest in operating assets borne out of EGP NA’s development pipeline and other operating assets offered for sale by EGP NA. The price for the operating assets was paid at the closing of the transactions. The closing of the sale of transaction involving the plant under construction was scheduled to occur with the entry of the plant into service, which took place in the 3rd Quarter of 2015. Enel Green Power provided parent company guarantees customary for transactions of this nature for its subsidiary’s obligations under the current partnership.

13
April

Enel Green Power wins tender for 425 MW renewable energy contract in South Africa

Enel Green Power was awarded the right to enter into power supply contracts with the South African utility Eskom for 425 MW in wind power in the fourth phase of the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) tender to supply energy from renewable resources, which is sponsored by the South African government. In line with REIPPPP rules, Enel Green Power took part in the tender through other companies, in which it holds a majority interest, in partnership with major local players. The three wind projects (Oyster Bay - 142 MW, Nxuba - 141 MW and Karusa - 142 MW) will be built in the Eastern Cape and Northern Cape regions, in areas with abundant wind. The Oyster Bay and Nxuba projects will be completed and enter into service in 2017, while Karusa should be completed in 2018. As soon as they enter service, the three projects, which will require a total investment of about €500 million, will be able to generate some 1,560 GWh per year, making an important environmentally-sustainable contribution to meeting the country’s rising energy demand.

14
April

Enel Green Power starts construction of new wind farm in South Africa

Enel Green Power announced that it has begun construction of the new Gibson Bay wind farm, located in the Eastern Cape Province, in South Africa.

With a total installed capacity of 111 MW, the new wind farm, held by Gibson Bay Wind Farm (RF) (Pty) Ltd, a company controlled by Enel Green Power RSA (Pty) Ltd (Enel Green Power RSA), will be capable of generating around 420 GWh per year once fully operational. This output corresponds to the annual consumption needs of around 131 thousand South African households, thereby avoiding the emission of over 383 thousand metric tons of CO₂ into the atmosphere each year.

Enel Green Power will be investing a total of about €190 million in the plant's construction, which is in line with the growth targets set out in Enel Green Power's current business plan. The Gibson Bay wind farm is expected to enter service in the 1st Half of 2017.

In March 2015, Enel Green Power RSA obtained a loan to finance the investment in the Gibson Bay wind farm totaling 2,100 million South African rand (equal to about €160 million) from KfW IPEX-Bank, which is acting as lender, sole lead arranger and agent. Partial credit insurance coverage is being provided by Euler Hermes, the German Export Credit Agency. The power generated by the new wind farm will be sold to the South African utility Eskom in line with the 20-year power supply agreement that Enel Green Power was awarded with in October 2013 as part of the REIPPPP promoted by the South African government.

30
April

Enel Green Power awarded 90 MW of wind capacity in Brazilian public tender

Following the public renewable energy auction LFA (*Leilão de Fontes Alternativas*), Enel Green Power announced that it had been awarded the right to sign 20-year power supply contracts with a pool of Brazilian electricity distribution companies that will be supplied with power produced by the new 90 MW Cristalândia wind project.

The investment for the construction of the project will total about \$190 million. The new plant will be constructed in the State of Bahia in north-eastern Brazil. The wind farm, which will be completed and enter service in 2017, will be able to

generate over 350 GWh per year, avoiding the annual emission of over 100 thousand metric tons of CO₂ into the atmosphere.

4
May

Enel Green Power begins construction of the new Carrera Pinto photovoltaic power plant in Chile

Enel Green Power announced that it had begun construction of the new Carrera Pinto photovoltaic power plant in Chile.

With a total installed capacity of 97 MW, once fully operational the new plant will be able to generate more than 260 GWh per year, equivalent to the annual electricity consumption of about 122 thousand Chilean households, and will avoid the annual emission of more than 127 thousand metric tons of CO₂ into the atmosphere.

The solar park is located in the Atacama region and owned by Parque Solar Carrera Pinto SA, a subsidiary of Enel Green Power Chile Ltda. It will be completed and enter service in the 2nd Half of 2016.

A total of about \$180 million will be invested in the construction of the facility, financed with the resources of the Enel Green Power Group.

The project will be supported by a long-term power purchase agreement (PPA) with Empresa Nacional de Electricidad SA (Endesa Chile). The power generated by the plant will be delivered to SIC (*Sistema Interconectado Central*), Chile's central region transmission network.

10
June

Enel Green Power awarded 280 MW of wind capacity in a public tender in South Africa

Enel Green Power has been awarded the right to sign two 20-year electricity supply contracts with South African utility Eskom for an additional 280 MW of wind power projects in the fourth phase of the REIPPPP tender, which is being promoted by the South African government.

In line with REIPPPP's rules, Enel Green Power participated in the tender through vehicle companies in which it holds the majority of the shares, in partnership with major local players.

The Soetwater (142 MW) and Garob (138 MW) wind farms, which will be built in areas of the Northern Cape Province

that have abundant wind resources, will be completed and enter operation by 2018. Enel Green Power will be investing a total of approximately €340 million in the new projects. Once completed, the two facilities will be able to generate around 1,000 GWh per year, and will help satisfy South Africa's rising energy demand in an environmentally sustainable way.

9
July

Enel Green Power and Endesa Chile sign contract for supply of renewable energy

Enel Green Power, acting through its subsidiary Enel Green Power Chile Ltda, signed a long-term agreement for around 25 years of energy supply and sale of green certificates connected with a geothermal project and a photovoltaic project in Chile, as well as for around 20 years connected with a wind power project with Empresa Nacional de Electricidad SA. The contract, with an estimated total value of up to \$3.5 billion, will enable Enel Green Power Chile to develop three plants with a total installed capacity of about 300 MW, which will require around \$800 million of investment.

9
July

Enel Green Power begins construction of Chile's largest photovoltaic plant

Enel Green Power began construction of the new Finis Terrae solar photovoltaic power plant in Chile. With a total installed capacity of 160 MW, Finis Terrae, once completed, will be the largest solar photovoltaic park in Chile. The facility is located in the Antofagasta region and is owned by five specific purpose companies controlled by Enel Green Power Chile Ltda. Once fully operational, it will be able to generate more than 400 GWh per year, equivalent to the annual electricity consumption needs of nearly 198 thousand Chilean households, and will avoid the annual emission of more than 198 thousand metric tons of CO₂ into the atmosphere. A total of approximately \$270 million will be invested in the construction of the plant, financed with the resources of the Enel Green Power Group. The project is supported by a long-term power purchase agreement (PPA) with Empresa Nacional de Electricidad SA. The power generated by Finis Terrae, which is expected to enter into service by the 1st Half of 2016, will be delivered to the transmission grid of Chile's northern region, SING (*Sistema Interconectado del Norte Grande*).

14
July

Enel Green Power begins construction of new wind farm in Mexico

Enel Green Power began construction of Vientos del Altiplano, its first wind farm in the Mexican State of Zacatecas. The power plant, owned by Vientos del Altiplano S de RL, will have a total installed capacity of 100 MW and will be built in the municipalities of Mazapil and Villa de Cos, in the State of Zacatecas. Once fully operational, Vientos del Altiplano, which will comprise 50 turbines of 2 MW each, will be able to generate more than 280 GWh each year – equivalent to the annual energy consumption needs of over 161 thousand Mexican households – while avoiding the annual emission of more than 157 thousand metric tons of CO₂ into the atmosphere. A total of approximately \$220 million will be invested in the construction of Vientos del Altiplano, financed with the resources of the Enel Green Power Group. The project, which is expected to be completed and go online by the 2nd Half of 2016, is supported by long-term power purchase agreements (PPAs).

14
July

Enel Green Power and ENAP begin work in Chile on the first geothermal plant in South America

Enel Green Power and Empresa Nacional del Petróleo (ENAP), the Chilean State-owned company active in the hydrocarbon sector, announced they have begun construction in Chile of Cerro Pabellón, the first geothermal plant in South America. Cerro Pabellón, located in the municipality of Ollagüe, in the region of Antofagasta, in the Andean Plateau, will also be the first geothermal plant in the world built at 4,500 meters above sea level. The plant, owned by Geotermica del Norte SA, a company controlled by Enel Green Power Chile Ltda with a 51% stake and 49% held by ENAP, comprises two 24 MW units for a total gross installed capacity of 48 MW. Once fully operational, Cerro Pabellón will be able to generate about 340 GWh per year, equivalent to the annual energy consumption needs of almost 165 thousand Chilean households, while avoiding the emission of more than 166 thousand metric tons of CO₂ into the atmosphere each year. The construction of the plant, in line with the growth targets set out in Enel Green Power's current business plan, will require a total investment of approximately \$320 million. The Group is financing the project with its own resources. The project, which is expected to be completed and enter ser-

vice by the 1st Half of 2017, is supported by long-term power purchase agreements (PPAs). The electricity generated by Cerro Pabellón will be delivered to the transmission grid of Chile's northern region (SING - *Sistema Interconectado del Norte Grande*).

31
August

Enel Green Power becomes biggest player in the Brazilian solar market with the award of 553 MW of capacity in tender

Enel Green Power was awarded the right to sign 20-year energy supply contracts in Brazil for a total of 553 MW with its three new solar photovoltaic projects Horizonte MP (103 MW), Lapa (158 MW) and Nova Olinda (292 MW) following the "Leilão de Reserva" public tender. Enel Green Power will invest about \$600 million in the construction of the three new solar facilities, which will be completed and enter service by the end of 2017.

Horizonte MP will be built in Tabocas do Brejo Velho in the State of Bahia, which is located in Brazil's north-east. Once up and running, the plant will generate about 223 GWh of renewable energy annually while avoiding the emission of around 67 thousand metric tons of CO₂ into the atmosphere. The Lapa project will be built in Bom Jesus da Lapa in the State of Bahia. Once up and running, the plant will generate about 340 GWh each year while avoiding the emission of approximately 102 thousand metric tons of CO₂ into the atmosphere.

Nova Olinda will be constructed in Ribeira do Piauí in the State of Piauí. The plant will generate about 604 GWh per year once fully operational, avoiding the emission of around 181 thousand metric tons of CO₂ into the atmosphere in the process.

27
October

Enel Green Power starts construction of new wind farm in Mexico

Enel Green Power has started construction of the new Palo Alto wind farm in the Mexican State of Jalisco. The wind farm, located in Ojuelos, is owned by Energía Limpia de Palo Alto S de RL de Cv, a subsidiary of Enel Green Power

México S de RL de Cv. The facility will comprise 43 wind turbines of 3 MW each for a total installed capacity of 129 MW. Once fully operational, Palo Alto will be able to generate more than 350 GWh per year, equivalent to the annual energy consumption needs of about 200 thousand Mexican households, while avoiding the annual emission of nearly 200 thousand metric tons of CO₂ into the atmosphere. The wind farm, which is expected to be completed and enter into service in the second half of 2016, is supported by long-term power purchase agreements.

In line with the growth targets of the Enel Green Power business plan, Enel Green Power will be investing approximately \$250 million, funded through Enel Green Power Group resources.

28
October

Enel Green Power consolidates 445 MW of wind power capacity in Portugal following ENEOP split

As part of the disposal of assets in Portugal and, as announced on September 30, 2015, Enel Green Power acquired ownership of six wind farms in Portugal with a total installed capacity of 445 MW following the approval by the Shareholders' Meeting of Eólicas de Portugal SA ("ENEOP") to split the company and allocate its 1,333 MW of wind power assets to its shareholders, pro rata with their shareholdings in the company. The conclusion of ENEOP's split satisfies a condition for the closing of the agreement signed in September with First State Wind Energy Investments SA for the sale of all Enel Green Power's assets in Portugal. ENEOP was a joint venture between Enel Green Power España SL ("EGPE"), through its subsidiary Finerge Gestão de Projectos Energéticos SA ("Finerge Gestão"), TP-Sociedade Térmica Portuguesa SA ("TP") – which in turn is wholly-owned by Finerge Gestão – EDP Renewables SGPS SA and Generg Expansão SA. The six wind farms will be owned by Finerge Wind, SA, a new company created to hold the assets which is 50% owned by Finerge Gestão and 50% by TP. Including these new assets, Enel Green Power has 642 MW of net installed capacity in Portugal. The required approvals of the terms of the split were all received from the Portuguese Government's State Secretary of Energy, the Directorate General for Energy and Geology and the Portuguese Competition Authority.

18
November

Integration of Enel Green Power into Enel approved

The Boards of Directors of Enel SpA (“Enel”) and Enel Green Power SpA (“Enel Green Power”) approved a project for the partial non-proportional spin-off (the “Spin-Off Project”) of part of Enel Green Power into Enel (the “Spin-Off”). The Spin-Off envisages:

- > the assignment by Enel Green Power to Enel of the spun-off assets, essentially represented by (i) the 100% stake held by Enel Green Power in Enel Green Power International BV, a Dutch holding company that holds investments in companies operating in the renewable energy sector in North, Central and South America, Europe, South Africa and India; and (ii) the assets, liabilities, contracts and other legal relationships associated with those investments (the “Spun-Off Assets”);
- > the retention by Enel Green Power of all remaining assets and liabilities other than those that are part of the Spun-Off Assets (and thus, essentially, all Italian operations and a small number of remaining foreign investments).

Since the transaction involves a non-proportional spin-off, it is provided that (i) shareholders of Enel Green Power other than Enel may exchange all the shares they hold in Enel Green Power with Enel shares and (ii) Enel will exchange the shares corresponding to its stake in the Spun-Off Assets with Enel shares, which will be immediately cancelled in accordance with Article 2504-ter, paragraph 2, and Article 2506-ter, paragraph 5, of the Italian Civil Code. The Spin-Off will be carried out on the basis of an exchange ratio of 0.486 newly issued Enel shares for each Enel Green Power share tendered for exchange (the “Exchange Ratio”), with no cash adjustment. As a result, as of the effective date of the Spin-Off, Enel Green Power will reduce its share capital by an amount equal to the value of the Spun-Off Assets while Enel will increase its share capital to cover the Spin-Off.

Specifically, Enel will issue up to 770,588,712 new shares – with full rights and a par value of 1 euro each – to be issued to minority shareholders of Enel Green Power in accordance with the Exchange Ratio. As of the effective date of the Spin-Off, Enel will be the sole shareholder of Enel Green Power, and Enel Green Power shares will cease to be traded on the *Mercato Telematico Azionario*, the stock exchange organized and operated by Borsa Italiana SpA (“MTA”), and on the Spanish continuous electronic trading system (*Sistema de Interconexión Bursátil*, SIBE).

The Spin-Off Project was prepared on the basis of the state-

ments of the respective financial positions of Enel and Enel Green Power as of September 30, 2015, as approved by their respective Boards of Directors on November 17, 2015 pursuant to and for the purposes of the combined provisions of Article 2501-*quater* and Article 2506-*ter* of the Civil Code. For the purposes of determining the exchange ratio and the criterion for the non-proportional allocation of shares in the exchange, the Boards of Directors of Enel and Enel Green Power have taken into account the nature of the transaction and adopted valuation techniques customary for similar transactions nationally and internationally. To this end, they engaged the following financial advisors: (i) for Enel, Credit Suisse and J.P. Morgan; (ii) for Enel Green Power, Barclays and Mediobanca.

26
November

Enel Green Power finalizes sale of all its assets in Portugal

Enel Green Power SpA (“Enel Green Power”) announced that its subsidiary Enel Green Power España SL (“EGPE”, 60% owned by Enel Green Power and 40% owned by Endesa), closed the sale of the entire share capital of Finerge Gestão de Projectos Energéticos SA (“Finerge Gestão”), a wholly-owned EGPE subsidiary operating wind farms in Portugal with a net installed capacity of 642 MW, equivalent to a gross capacity of 863 MW, to the Portuguese company First State Wind Energy Investments SA (“First State Wind Energy Investments”). The total consideration for the sale is €900 million, including the repayment of a shareholder loan to Finerge Gestão. With this sale, Enel Green Power has exited the Portuguese renewables market.

The sale was finalized following the completion of the split of ENEOP - Eólicas de Portugal SA (“ENEOP”), a company that used to own a portfolio of operating wind farms with a total installed capacity of 1,333 MW in which Finerge Gestão held a stake of 35.96%.

The total consideration of €900 million is subject to price adjustments in line with standard practice for this type of transaction. The amount has been paid in full, generating an estimated positive impact on the Enel Green Power Group’s consolidated net financial debt of about €550 million, taking into account the effects of ENEOP’s consolidation. The gain on the transaction, which includes the effects of ENEOP’s consolidation, was about €30 million.

The sale of Finerge Gestão and the resulting exit from the

Portuguese renewable energy sector is part of Enel Green Power's strategy to optimize its portfolio and seize opportunities in countries with greater development potential, in line with the objectives of the Company's current business plan. Finerge Gestão works in the development, construction and operation of wind farms in Portugal. In 2014 the company posted consolidated revenue of about €38 million (about €106 million pro forma, considering the effects of the consolidation of ENEOP) and a consolidated gross operating margin of some €29 million (about €90 million pro forma considering the effects of the consolidation of ENEOP). First State Wind Energy Investments is 100%-owned by funds managed by First State Investments ("FSI"), a global asset management business.

9
December

Enel Green Power brings Goodwell wind farm online in the United States

Enel Green Power SpA ("Enel Green Power") has brought online the 200 MW Goodwell wind farm located in Texas County, Oklahoma.

The construction of Goodwell wind farm, which is owned by Goodwell Wind Project LLC, a subsidiary of Enel Green Power North America Inc. ("EGP NA"), is the result of a total investment of nearly \$310 million, in line with the company's growth targets set out in its current business plan. In July 2014, EGP NA signed a capital contribution agreement with a consortium led by J.P. Morgan thus securing partial financing for the project.

As one of the largest wind farms in the EGP NA portfolio, the Goodwell plant is expected to generate some 860 million kWh annually, enough to meet the energy needs of over 73 thousand US households and avoid the emission of about 450 thousand metric tons of CO₂ into the atmosphere each year. The Goodwell wind farm is supported by a 20-year power purchase agreement (PPA).

18
December

New wind farm enters service in the United States

Enel Green Power SpA ("Enel Green Power"), acting through its subsidiary Enel Green Power North America Inc. ("EGP

NA"), has brought online the Little Elk wind farm in Oklahoma in the United States.

Little Elk, which is located in Kiowa and Washita Counties, has a total installed capacity of 74 MW and is able to generate more than 330 GWh per year, enough to meet the annual energy needs of about 27 thousand US households, while avoiding the emission of around 240 thousand metric tons of CO₂ into the atmosphere each year.

The construction of Little Elk required an investment of approximately \$130 million, partially funded through a capital contribution agreement with Mitsubishi UFJ Financial Group Inc. The project is supported by a 25-year power purchase agreement (PPA) with People's Electric Cooperative of Oklahoma (PEC).

22
December

Enel Green Power and F2i close agreement to create a photovoltaic joint venture in Italy

Enel Green Power SpA ("Enel Green Power") and F2i SGR SpA ("F2i"), acting on behalf of F2i - Fondi Italiani per le Infrastrutture, together with their respective subsidiaries Enel Green Power Solar Energy Srl and F2i Energie Rinnovabili Srl, have closed an agreement to create an equally held joint venture, following the agreement signed on October 16, 2015.

The joint venture, to which Enel Green Power has transferred Italian solar assets, emerged from the merger by incorporation into that new company of F2i Solare 1 Srl and F2i Solare 3 Srl, companies controlled by F2i Energie Rinnovabili Srl, with effect as of December 31, 2015.

The new joint venture, which seeks to become the PV market leader in Italy, has an installed capacity portfolio of 207 MW made up of the 102 MW brought by Enel Green Power, net of a change in scope of 3 MW which took place after the signing of the above agreement, and 105 MW brought by F2i.

The transaction is part of Enel Green Power's work in seizing value creation opportunities, including through active management of its asset portfolio, as set out in the Company's current business plan.

The closing of the transaction follows satisfaction of the conditions precedent provided for in the agreement signed by the parties on October 16, 2015, including approval by the competent EU antitrust authorities. The operation will reduce Enel Green Power Group's net financial debt by around €120 million.

The enterprise value of the Enel Green Power assets is about €234 million and that of the F2i assets about €282 million, with respective equity values of about €91 million net of minorities, and about €111 million. In addition, Enel Green Power, in order to ensure equal participation in the joint venture, made a cash contribution of about €20 million. An adjustment of these values, using a mechanism standard for this type of transaction, is envisaged for 2016.

22
December

Enel Green Power starts construction of Sierra Gorda wind farm in Chile

Enel Green Power has started building its 112 MW Sierra Gorda wind farm, named after the town where it is located, approximately 60 kilometers from the city of Calama in the Chilean region of Antofagasta.

Sierra Gorda is owned by Enel Green Power Chile Ltda and is expected to be completed and enter service by the end of 2016. Once fully operational, the facility will generate more than 295 GWh each year – equivalent to the annual power consumption needs of around 130 thousand Chilean households – while avoiding the emission of over 140 thousand metric tons of CO₂.

Enel Green Power will invest approximately \$215 million in the construction of the new facility, in line with the growth targets set out in the company's current business plan. The project will be financed through the Enel Green Power Group's own resources and will be supported by a long-term power purchase agreement (PPA).

The energy generated by the Sierra Gorda wind farm will be delivered to the transmission network of Chile's northern region, SING (*Sistema Interconectado del Norte Grande*).

28
December

Enel Green Power starts construction of new solar plant in Brazil

Enel Green Power has started construction of the Ituverava solar power plant in the State of Bahia, in north-eastern Brazil. Once completed, Ituverava will have a total installed capacity of 254 MW, making it Enel Green Power's largest solar power plant currently under construction.

The new solar plant, which is owned by three special purpose vehicles held by Enel Green Power Brasil Participações Ltda, is expected to be completed and enter into service by the end of 2017. Ituverava will be able to generate more than 550 GWh per year, enough to meet the annual energy consumption needs of more than 268 thousand Brazilian households, while avoiding the emission of over 185 thousand metric tons of CO₂ each year.

Enel Green Power will be investing approximately \$400 million in the construction of Ituverava, in line with the company's growth targets set out in its current business plan and financed with Enel Green Power Group's own resources. The solar project will be supported by a 20-year power purchase agreement (PPA) with the Chamber of Commercialization of Electric Energy (CCEE – *Câmara de Comercialização de Energia Elétrica*).



Reference scenario



Enel Green Power and the financial markets

	2015	2014
Group gross operating margin per share (euro)	0.37	0.39
Group operating income per share (euro)	0.16	0.20
Group net earnings per share (euro)	0.03	0.07
Dividend per share (eurocents) ⁽¹⁾	-	3.20
Pay-out ratio ⁽²⁾ (%)	-	30
Group shareholders' equity per share (euro)	1.59	1.57
Share price - 12-month high (euro)	2.01	2.18
Share price - 12-month low (euro)	1.58	1.68
Average share price in December (euro)	1.90	1.93
Market capitalization ⁽³⁾ (millions of euro)	9,550	9,640
No. of shares outstanding at December 31 (millions)	5,000	5,000

(1) The directors may formulate a proposal for the distribution of net income for 2015 at a date subsequent to the approval of the financial statements by the Board of Directors.

(2) Based on Group net income.

(3) Based on average price in December.

Enel Green Power stock weighting in

FTSE-MIB index	Current ⁽¹⁾ 1.076%
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(1) Updated to January 31, 2016.

The year 2015 opened with the consolidation of the economic situation in the United States, the United Kingdom and Japan, and a deterioration in some of the emerging economies. Sources of uncertainty in the start of the year included forecasts of a decline in oil prices, the conflicts in Ukraine, Libya and the Middle East and the uncertainty about the situation in Greece. In the latter case, the failure of negotiations on the revision of the financial support programs and the holding of a surprise referendum by the Greek authorities triggered a rise in the volatility of financial markets and stock prices in the euro area, which partially subsided the announcement that agreement had been reached on conditions. In Italy, the economy gave initial signs of expansion. The improvement in the confidence of businesses and households was accompanied by a recovery in domestic demand, which resumed making a contribution to growth. Investment, which had declined almost continuously since 2008, posted an increase.

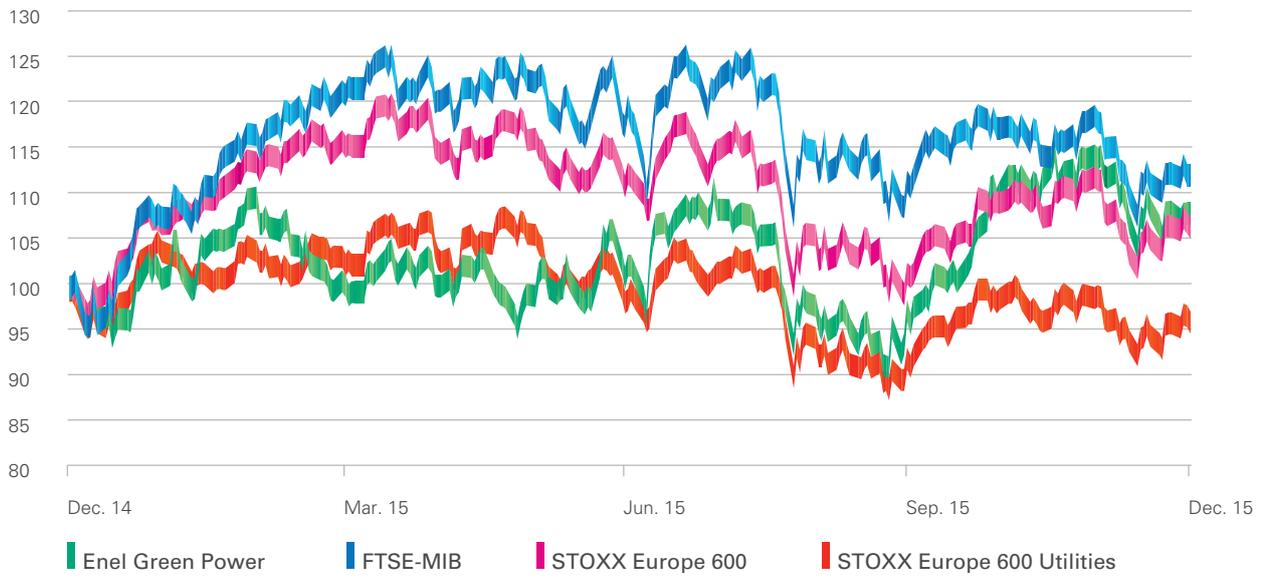
Against the expansion of economic activity in the major developed countries, the second half of year saw a slow-down in the Chinese economy that again fueled high volatility in international financial and foreign exchange markets because of the possible repercussions for the rest of the world. The sharp correction in the Chinese stock market then spread to other global financial markets, in connection with the uncertainty created by the decision of the Chinese authorities to change, as from August 11, the method they use in their daily fixing of the parity of their currency against the dollar, a decision which reinforced the concerns of some operators that the ongoing deceleration in economic activity could be more pronounced than indicated by the authorities themselves, with sharp repercussions for Japan and the euro area. These developments were then followed by the turbulence triggered by the shock of the Volkswagen scandal in the last quarter of the year. The volatility on equity markets increased, returning to historically high levels. The manipulation of the diesel engine emission tests has undermined the credibility of the German carmak-

er Volkswagen and was reflected in the index of the confidence of leading analysts in the prospects for growth in Germany. In Italy, economic recovery continued at a moderate pace. The boost from exports, which after supporting economic activity in the last four years has been attenuated by the weakness of non-European markets, was gradually replaced by that from domestic demand, attributable especially to consumption and stockbuilding.

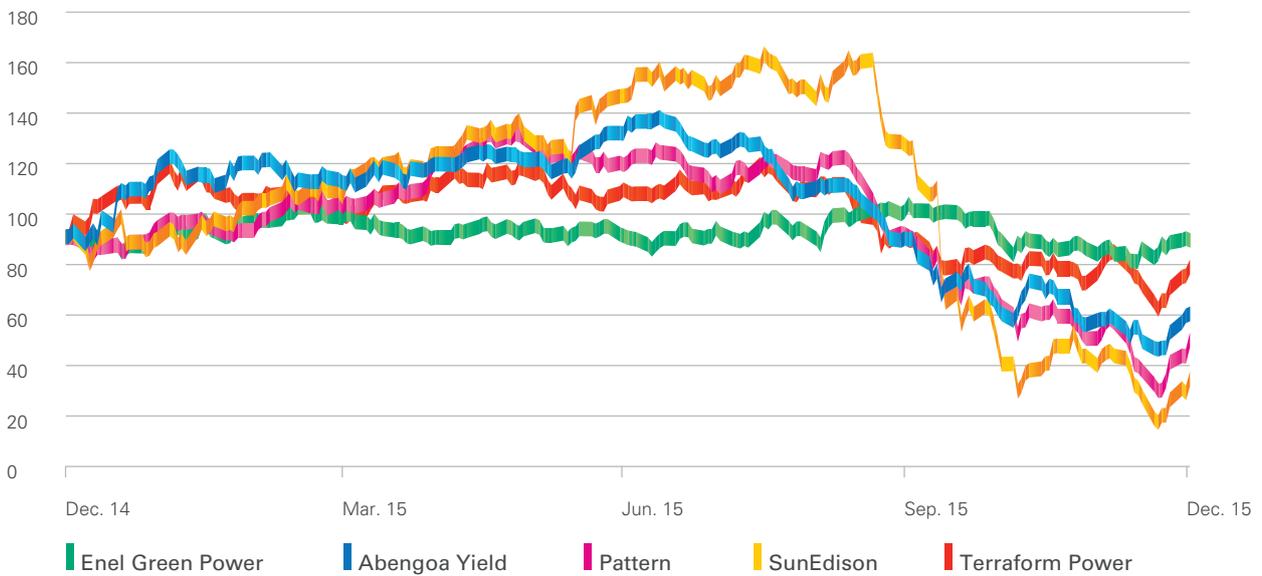
With specific regard to equity markets, the European benchmark index (STOXX Europe 600) rose by 7%. The utilities sector, which posted a decline of 3%, was, however, one of the three worst segments, along with oil & gas (-8%) and raw materials (-35%). The decline was driven in particular by the anticipated deterioration in global commodity prices and the uncertainty of some sector regulation, such as that governing charges associated with the future decommissioning of nuclear power plants in Germany. Another significant development regarded so-called yield cos, which mainly involved the United States. Their business model, which is based on cash generation through the aggregation of assets rather than on the development of new capacity, has influenced developments in the renewable energy sector in general. In the first half of the year, the stock prices of these companies were supported by strong market demand in an environment of low interest rates. This trend was reversed in the second half of the year in response to expectations that the US central bank would raise interest rates. Despite the high volatility in the utilities sector, Enel Green Power shares posted gains, closing 2015 with an increase of 9% and a total return of 10%, taking into account the dividend of 3.2 eurocents per share paid in May.

For further information we invite you to visit the Investor Relations section of our corporate website (http://www.enelgreenpower.com/en-GB/media_investor/), which offers a database of financial data, presentations, information on corporate bodies as well as corporate governance issues.

Enel Green Power vs European indexes



Enel Green Power vs YieldCos



Economic and energy conditions in 2015

Economic developments

The global economic environment in 2015 was marked by considerable fragility, characterized by a sharp increase in volatility in the major financial markets and uncertainty about the outlook for global economic recovery. World GDP growth stood at 2.5%, below the average of the last 15 years and supported mainly by the improvement in economic activity in the advanced countries (which saw GDP rise 1.9%). Conditions in the emerging economies are also a concern, marked in most cases by a significant deterioration in the twin deficits (as in South America and South Africa), a contraction of domestic demand, high inflation and sharp depreciations in local currencies.

More specifically, the strains in the Chinese financial market, combined with the prospects of a slowdown in the real economy (underscored by the collapse in investment in real estate, sales of durable goods and industrial activities) had an adverse impact on the growth of the economies of its main commercial partners. In addition, the downward revision of the outlook for the Chinese economy has raised pressures to sell in mineral commodities markets (copper, zinc, aluminum, lead, nickel and coal) in response to a decline in use of those materials in industry and in construction. At the same time, oil prices stood below the lows reached at the height of the 2008-2009 crisis as a result of fears of an expansion of oversupply due to lower global demand and the imminent removal of sanctions on Iran. The reasons for these developments are rooted in the strategy of the OPEC countries to maintain current production quotas. The economic impact has been devastating for the main commodity exporters, such as Russia, South Africa, Chile, Colombia, Peru, Australia and Indonesia.

The United States ended 2015 with solid GDP growth (+2.5%), consolidating the recovery in the wake of the global financial crisis. The recovery was mainly driven by domestic demand due to the strengthening of the labor market (with an improvement in the climate of consumer confidence, higher wages, and a decline in unemployment to 4.9%),

while the manufacturing sector, fixed investment, orders for durable goods and the real estate sector performed more erratically. Inflation remains well below the 2% target level set by the Federal Reserve, mainly due to low commodities prices. In December, the FED reversed its expansionary monetary policy with an initial tightening of interest rates. Subsequently, market tensions (accompanied by an increase in volatility) have discouraged an immediate continuation of that policy.

The combined effects of the expansionary monetary stance of the European Central Bank (the extension of quantitative easing, cutting rates on the deposit facility to -0.15%) together with the fall in commodity prices and the euro allowed the euro area to achieve expected GDP growth of 1.5%, about 60 basis points more than the previous year. Inflation, with a rate of close to zero in 2015 and very limited prospects for an upturn in the next two years (not reaching the ECB's 2% target before 2018) remains under close observation by the ECB. Employment is improving, but the unemployment rate remains very high (11.4%), still distant from pre-crisis levels (around 8%).

The effects of the weak euro, low inflation, low prices for energy imports and an improvement in employment enabled Italy to achieve GDP growth estimated by the IMF at 0.8% compared with -0.4% in 2014. The rise is primarily due to an improvement in consumer confidence (with the improvement in the credit market, employment, tax incentives and low inflation). Although the IMF has confirmed its growth forecasts for 2016 and 2017 at 1.3% and 1.2%, a number of threats to the outlook for the future remain: a reduction in fiscal stimulus measures in order to curb the budget deficit, low investor confidence, and weak exports and economic slowdown in China, Russia and Brazil, the strengthening of euro, political instability in the implementation of structural reforms. The recent turbulence in the financial markets and concern over the resilience of the Italian and European banking sys-

tem and elevated volatility in the foreign exchange and commodities markets cast a further cloud over the country's ability to achieve those objectives.

Japan faces a complex economic environment, struggling with recession risk exacerbated by the fall in production and consumption and persistent low inflation, now forecast by the Bank of Japan at 0.8% in 2016, despite the adoption of negative interest rates on deposits.

The emerging economies continue to underperform (3.7% compared with 4.4% in 2014). The drivers continue to be primarily related to commodities, the economic slowdown in China, high debt levels and unsustainable interest rates, excessive exchange rate volatility, with a resulting substantial outflow of foreign capital.

The deterioration in economic conditions in Brazil has been among the sharpest, with an estimated contraction of 3.7% in GDP in 2015, inflation currently at 10.7% and a budget deficit of 9.3% of GDP. The weak global environment, political instability and high interest rates make the outlook for economic recovery extremely uncertain. More specifically, the central bank continues to maintain a tight monetary policy (with interest rates to 14.25%) to support the exchange rate and prevent a worsening of the outflow of foreign capital, in addition to containing inflation (with a target of 6.5% for 2016).

Within Latin America, Chile, Colombia and Peru are still un-

derperforming. Chile should register estimated growth of 2% in 2015, compared with an average of 4.6% over the last five years. The country was hit by the collapse in copper prices (50% of total exports and about 11% of GDP), the decline in imports by China (its main trading partner) and the recession in Brazil.

Colombia's GDP growth is expected to have decelerated from 4.6% in 2014 to 2.8% in 2015. The fall in oil prices (52% of exports), only partially offset by the depreciation of the local currency, the deterioration in the budget balance (-4.1% in 2015 compared with 2.3% in 2014) and the overall weak economic environment continue to adversely affect the country's capacity for recovery, despite the good elasticity of domestic demand.

Growth in Peru was essentially stable (2.5% compared with 2.4% in 2014), albeit well below the average of the last five years (5.2%) due to a slowdown in investment (public and private) and domestic demand, a slowdown in mining activity due to lower commodities prices in 2015 (copper and gold) and a lack of exchange rate flexibility to offset the decline in commodity prices.

As in the other developing countries, growth in the Sub-Saharan region also slowed down. This was mainly due to the collapse of commodity prices and reduced support from China (the greatest source of funds in the region). More specifically, the IMF estimated South Africa's GDP growth at only 1.3%, after modest 1.5% growth in 2014.

Annual real GDP growth

	2015	2014
Italy	0.8	-0.4
Spain	3.2	1.4
Greece	-0.2	0.7
Romania	3.5	2.8
Brazil	-3.8	0.1
Chile	2.0	1.8
Colombia	2.8	4.6
Mexico	2.5	2.3
Peru	2.5	2.4
Canada	1.2	2.5
USA	2.5	2.4
South Africa	1.3	1.5

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

Electricity markets

Electricity demand

Developments in electricity demand

GWh

	2015	2014	Change
Italy	315,234	310,535	1.5%
Spain	248,025	243,544	1.8%
Romania	51,205	50,641	1.1%
Greece ⁽¹⁾	56,200	56,600	-0.8%
USA ⁽¹⁾	3,929,900	3,899,500	0.8%
Mexico ⁽¹⁾	261,100	251,754	3.8%
Brazil ⁽²⁾	548,522	569,734	-3.7%
Chile ^{(2) (3)}	53,023	52,225	1.5%
Colombia	66,175	63,570	4.1%
Peru	43,660	41,780	4.5%
South Africa ⁽¹⁾	208,400	211,500	-1.5%

(1) BMI estimates – Business Monitor International.

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

(3) Gross of grid losses.

Source: Enel based on TSO data.

In Europe, the Mediterranean countries experienced growth in electricity demand, above all owing to economic recovery, partly offset by climate effects. More specifically, Italy posted growth of 1.5% (1.4% net of climate and calendar effects), reversing the negative trend of the past three years. Driving the growth were the South macro-area (which includes Campania, Puglia, Calabria and Basilicata), which registered the largest gain at +4.4%, the Tuscany and Emilia Romagna area with +4.3% and the Center area (which includes Lazio, Abruzzo, Marche, Molise and Umbria) with +2.3% on 2014. Spain posted growth of 1.8% (+1.5% net of calendar and tempera-

ture effects), considerably lower than estimated GDP growth of 3%. More specifically, slowdown in private and industrial consumption began in 2008, partly owing to efficiency gains and partly to structural factors. Romania posted considerable growth in electricity demand (+1.1%). Demand continued to rise in Latin America, with significant increases in Peru (+4.5%), Colombia (+4.1%), Mexico (+3.8%) and Chile (+1.5%). Demand contracted in South Africa (-1.5%) and Brazil (-3.7%), reflecting the recession. Demand expanded slightly in the United States (+0.8%) despite the considerable growth in GDP, thanks to increasing energy efficiency.

Electricity prices

Electricity prices

	Average baseload price 2015 (euro/MWh)	Change in baseload price 2015-2014	Average peakload price 2015 (euro/MWh)	Change in peakload price 2015-2014
Italy	52.3	0.4%	58.7	-0.4%
Spain	50.3	9.1%	56.8	9.8%
Brazil	79.8	-62.9%	131.2	-52.5%
Chile	81.9	-19.2%	178.1	-14.6%
Colombia	119.5	39.6%	585.3	211.3%

Developments in prices in the main markets

Eurocents/kWh

	2015	2014	Change (%)
Final market (residential):⁽¹⁾			
Italy	0.25	0.24	4.2%
Romania	0.13	0.13	-
Spain	0.23	0.23	-
Final market (industrial):⁽²⁾			
Italy	0.11	0.12	-8.3%
Romania	0.08	0.08	-
Spain	0.09	0.09	-

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

(2) Annual price net of taxes – annual consumption of between 70,000 MWh and 150,000 MWh.

Source: Eurostat.

Electricity price developments in Italy

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	2015				2014			
Power Exchange - PUN IPEX (€/MWh)	51.8	47.9	56.7	52.8	52.5	46.5	50.4	58.9
Average residential user with annual consumption of between 2,641 and 4,440 kWh with subscribed capacity of more than 3 kW (euro/kWh): price net of taxes	0.24	0.24	0.24	0.25	0.25	0.24	0.24	0.25

Source: EMO (Energy Markets Operator).

In Italy, the average uniform national sales price of electricity on the Power Exchange increased slightly (0.4%) in 2015 compared with 2014. The average annual price (net of taxes)

for residential users set by the Authority for Electricity, Gas and the Water System fell slightly in 2015 compared with the previous year (1.1%).

Italy

Domestic electricity generation and demand

Millions of kWh

	2015	2014	Change	
Net electricity generation:				
- thermal	180,871	167,080	13,791	8.3%
- hydroelectric	44,751	59,575	(14,824)	(24.9%)
- wind	14,589	15,089	(500)	(3.3%)
- geothermal	5,816	5,567	249	4.5%
- photovoltaic	24,676	21,837	2,839	13.0%
Total net electricity generation	270,703	269,148	1,555	0.6%
Net electricity imports	46,381	43,716	2,665	6.1%
Electricity delivered to the network	317,084	312,864	4,220	1.3%
Consumption for pumping	(1,850)	(2,329)	479	20.6%
Electricity demand	315,234	310,535	4,699	1.5%

Source: Terna - Rete Elettrica Nazionale (Monthly report - December 2015).

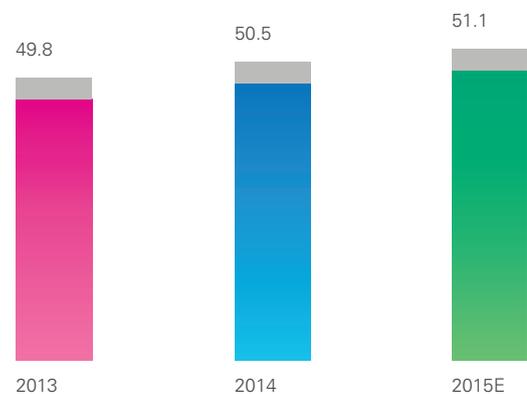
In 2015, *domestic electricity demand* increased by 1.5% (to 315,234 million kWh) compared with 2014. Of total electricity demand, 85.3% was met by net domestic electricity generation for consumption (85.9% in 2014) with the remaining 14.7% being met by net electricity imports (14.1% in 2014).

In 2015, *net electricity imports* increased by 2,665 million kWh mainly as a result of lower average sales prices on international markets.

In 2015, *net electricity generation* increased by 0.6% or 1,555 million kWh, to 270,703 million kWh. More specifically, in an environment of increased electricity demand, the decrease in hydroelectric generation in the amount of 14,824 million kWh, mainly attributable to less favorable water availability conditions, was offset by an increase in thermal generation of 13,791 million kWh despite an increase in generation from other renewables (photovoltaic, +2,839

million kWh and geothermal, +249 million kWh) as a result of the expansion in installed capacity in the country.

The installed renewable generation capacity remained essentially unchanged at 51.1 GW in 2015 compared with 2014, as shown in the following chart.



Source: ESO and Terna. Preliminary closings for 2015.
Note: excluding pure pumping systems.

Regulatory and rate issues

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

> for plants that entered service by the end of 2012, the

green certificate mechanism (GC) applies. Green certificates, which are valid through 2015, are instruments that are negotiable in proportion to the energy generated by a renewable energy plant;

> for plants that entered service after January 1, 2013, pur-

suant to Ministerial Decree of July 6, 2012 concerning incentives for the generation of electricity from renewable energy sources other than photovoltaic, a lowest bid tender scheme or feed-in tariffs shall apply, depending on the installed capacity and on the technology employed.

The above incentive mechanisms will terminate upon reaching an indicative cumulative annual cost of €5.8 billion. At December 31, 2015, the cumulative annual cost was €5.658 billion.

As regards solar energy, the incentive system (now terminated) consisted in the application of various Energy Accounts (all of which are now terminated). Energy Accounts I, II, III, IV (from September 19, 2005 to August 26, 2012), were based on a feed-in premium system (a cumulative incentive rate over the hourly zonal price); Energy Account V (from August 27, 2012 to July 6, 2013), was based on a feed-in tariff system (a comprehensive rate).

Draft ministerial decree on incentives for renewable energy sources other than photovoltaic

The new ministerial decree concerning incentives for the generation of electricity from renewable energy sources other than photovoltaic is about to be issued. It is a temporary decree that, according to various drafts revised by the ministries concerned, will follow the same provisions of the previous Ministerial Decree of July 6, 2012 concerning renewable energy sources to the extent that competitive mechanisms will apply for accessing incentives, such as tender schemes for plants with a power capacity greater than 5 MW and registries for plants with a power capacity of ≤5 MW.

Access to the incentives should terminate after 30 days from the first of the two following dates:

- > December 1, 2016, or December 1, 2017 for hydroelectric plants that will directly obtain the incentives;
- > the date on which the maximum indicative cost for incentives of €5.8 billion/year is reached.

Two tenders should be issued whose timing is yet to be determined in the draft decree. However the funds will be assigned by December 31, 2016.

The latest draft also includes two important new provisions:

- > power plants that are located in other Member States of the European Union who export their production to

Italy can participate in the tender scheme provided for in the decree;

- > the suspension of the incentives during the hours that the hourly zonal electricity price is zero for a period of over six consecutive hours. The same provision applies in the case of negative prices when they are introduced in the Italian market.

Negative prices - consultation paper 605/2015 of the Authority for Electricity, Gas and the Water System

The Authority for Electricity, Gas and the Water System has issued consultation paper 605/2015, 2015 *Mercato dell'energia elettrica: introduzione di prezzi negativi armonizzati a livello europeo ai sensi del regolamento UE 1222/2015 (CACM) – Primi orientamenti* as part of the broader reform for regulating dispatching services. More specifically, the Authority discusses preliminary assessments of the opportunities and implications arising from the introduction of negative prices in the Italian electricity market. According to the Authority, negative electricity prices could be a market tool for coping with over-generation conditions in line with economic efficiency criteria, which would initially be applied only in the day-ahead and intraday markets. The Authority mentions the need for a gradual approach and further development of the domestic market before introducing negative prices.

Imbalancing

Following the revocation of Resolution no. 281/12, the Authority issued Resolution no. 522/2014/R/eel, which in addition to introducing new regulations entering force as from January 1, 2015 with "brackets" differentiated by energy source, established that the period between January 1, 2013 (date on which Resolution no. 281/2012/R/efr entered into force) and December 31, 2014, Terna SpA shall apply imbalancing fees as initially provided for in Resolution no. 111/06. Resolution no. 522/2014/R/eel was appealed by numerous operators, including Enel Green Power SpA, which challenged the application of Resolution no. 111/06 in 2013 and 2014, requesting the application of the various resolutions that have been approved over time, with which it has duly complied. A hearing is pending.

Spain

Electricity generation and demand in the peninsular market

Millions of kWh

	2015	2014	Change	
Net electricity generation	254,011	253,578	433	0.2%
Consumption for pumping	(4,520)	(3,406)	(1,114)	(32.7%)
Net electricity exports ⁽¹⁾	(1,466)	(6,628)	5,162	77.9%
Electricity demand	248,025	243,544	4,481	1.8%

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

Source: Red Eléctrica de España (*Balance eléctrico: Estadística diaria del sistema eléctrico español peninsular* – December 2015 report). Volumes for 2014 are updated to December 9, 2015.

Electricity demand in the peninsular market in 2015 rose by 1.8% compared with 2014, reaching 248,025 million kWh. Demand was entirely met by net domestic generation for consumption.

Net electricity exports in 2015 decreased by 77.9% compared with the previous year. This essentially reflected the net ef-

fect of a decline in exports and an increase in imports driven by lower average sales prices on international markets.

Net electricity generation in 2015 rose by 0.2% (433 million kWh), essentially due to greater electricity demand in the peninsular market.

Electricity generation and demand in the extra-peninsular market

Millions of kWh

	2015	2014	Change	
Net electricity generation	13,547	13,289	258	1.9%
Net electricity imports	1,333	1,298	35	2.7%
Electricity demand	14,880	14,587	293	2.0%

Source: Red Eléctrica de España (*Balance eléctrico: Estadística diaria del sistema eléctrico español peninsular* – December 2015 report). Volumes for 2014 are updated to January 13, 2016.

Electricity demand in the extra-peninsular market in 2015 increased by 2.0% compared with 2014, reaching 14,880 million kWh. Of total demand, 91.0% was met by net generation in the extra-peninsular areas and 9.0% by net imports.

Net electricity imports in 2015 amounted to 1,333 million kWh, all of which regarded trade with the Iberian peninsula.

Net electricity generation in 2015 rose by 1.9% or 258 million kWh as a result of higher demand for electricity in the extra-peninsular market.

Renewables

In Spain, the renewables sector has grown substantially in recent years.

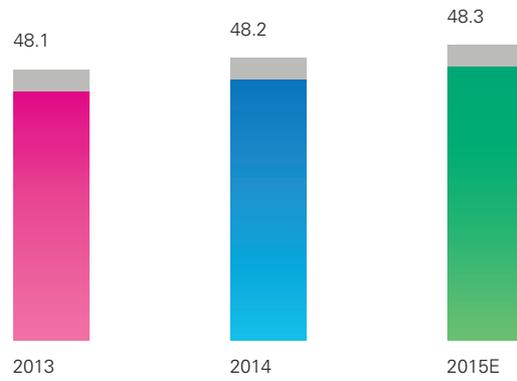
In 2011, the Spanish government approved the “Renewable Energy Plan” for 2011-2020 (“REP 2011-2020”), which sets out the development plan for the renewable energy sector. The REP 2011-2020 establishes specific measures to implement in order to achieve the target established with Directive 2009/28/EC 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:

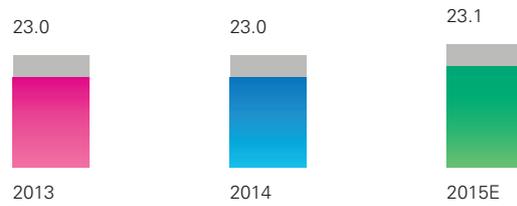
- > wind: 35.7 GW of capacity by 2020;
- > hydroelectric: 13.9 GW of capacity by 2020;
- > geothermal: 0.05 GW of capacity by 2020;
- > solar (photovoltaic and CSP – Concentrated Solar Power): 12 GW of capacity by 2020;
- > marine: 0.1 GW of capacity by 2020;
- > biomass (solid biomass, waste and biogas): 1.9 GW of capacity by 2020.

Nevertheless, in recent years, owing to difficult macroeconomic conditions that have impacted Spanish growth, the installed capacity of renewable resource generation plants has been virtually unchanged. In 2015, it amounted to about 48 GW, as detailed in the following chart.

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 2015, most of which in the region of Castilla y León. The installed wind power base was largely unchanged and as of 2015 accounted for about 48% of total installed renewables capacity.



Source: REE.
Note: excluding pure pumping systems.



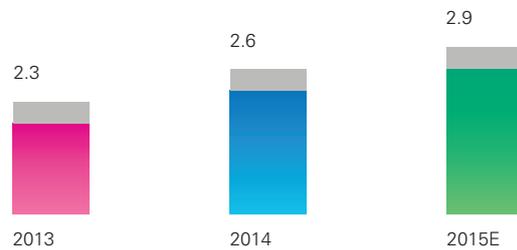
Source: REE.

Morocco

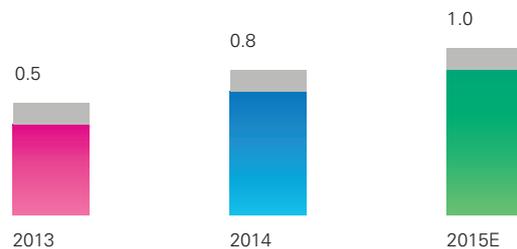
The acceleration of economic and social development in Morocco has caused electricity demand to expand, growing by 36% in 2015 and forecast to triple by 2030. Renewable energy represents the best response to meet these priorities. The main challenge will be to ensure development by leveraging the solar and wind potential of the country and increasing their integration in regional and international markets. Morocco's goal is for 42% of installed capacity to come from renewables by 2020.

In 2015, Morocco had a total installed capacity of about 3 GW, an estimated increase of about 12% on 2014.

The wind sector has made the largest percentage contribution to the growth of installed renewables capacity.



Source: Enerdata, GWEC, SPE (EPIA), IEA.
Note: excluding pure pumping systems.



Source: Enerdata, GWEC, SPE (EPIA), IEA.

Regulatory and rate issues - Spain

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).

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. As to the appeal of the Royal Decree, the action was submitted and a response from the Supreme Court is pending. As for the appeal of the Ministerial Order, in 2015 additional information was requested and, once obtained, the action was filed, which is awaiting assessment by the court’s experts.

Two ministerial orders were issued during 2015 that aimed at improving the new regulatory framework. The first order, IET/1344/2015, sets the standard remuneration parameters for certain types of solar and cogeneration facilities not included in Ministerial Order IET/1045/2014 and therefore excluded from the incentive system since July 2013. The second order, IET/1345/2015, updates the values for the remuneration of cogeneration and biomass plants for the 2nd Half of 2015 and defines the mechanisms for reviewing those values to be applied in subsequent years.

On July 31, 2015, Royal Decree 738/2015 was issued. It establishes the regulatory framework and the dispatching mechanism for plants located in the island territories (the Canary Islands, Balearic Islands, Ceuta and Melilla).

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. In addition, on September 24, 2015, Ministerial Order IET/1953/2015 was published. It updates IET/1459/2014 with the aim of increasing participation in the mechanism for allocating incentives to wind power plants for a total installed capacity of up to 450 MW.

In the final months of 2015 the criteria for awarding incentives to new renewable energy plants were defined, in line with the new regulatory framework. This voided the moratorium imposed with Royal Decree Law 1/2012. The criteria, which provide for the award to be made through an auction system, had already been envisaged in the new law on electricity, although the details of application had not yet been specified. These were defined with Royal Decree 947/2015, Ministerial Decree IET/2212/2015 and the Resolution of November 30 of the Secretary of Energy. The first auction, scheduled for January 14, 2016, involves 500 MW of wind capacity and 200 MW of biomass.

On December 19, the Resolution of December 18 of the Secretary of Energy was published. It sets out the criteria and the qualification tests that renewable energy plants must pass to be considered eligible to participate in system adjustment services, which to date have only been open to conventional power plants.

Regulatory and rate issues - Morocco

Morocco is a country with a high percentage of electricity imports. In particular, since 2008 the Moroccan government has been promoting strategies to increase local production of renewable energy. Wind and solar resources are abundant across the country and for this reason the government has mainly supported the development of wind, solar and hydroelectric power. The goal for 2020 is for 42% of electricity output in the country to come from renewable resources. In order to manage and govern the development of renewable resources in Morocco, the government has created two institutions: ADEREE – the National Agency for the Development of Renewable Energy and Energy Efficiency, and MASEN – the Moroccan Agency for Solar Energy.

The first approach to the development of renewables is based on competitive auctions. The government guarantees a Power Purchase Agreement (PPA) with the single buyer ONEE – the national electricity sector agency. In this context, in 2015 the government is allocating 850 MW of wind power and has launched the first phase of competitive bidding to allocate 170 MW of solar energy (the NOOR PV program run by MASEN).

In addition to this first approach to renewables development,

two additional approaches are also being used, namely self-production and liberalization of high voltage customers provided they are supplied from renewable resources.

This latter system is based on opening the market for high-voltage customers. Law 09/2013 allows a renewable energy producer to build a new plant with the purpose of selling to high-voltage customers.

Morocco intends to create a new agency called ANRE to act as an independent national energy regulator to ensure compliance with regulations and competitiveness between operators in the electricity and gas markets, to set prices and conditions of access to the transmission and interconnection network. To this end, in 2015 the government began drafting a new law.

In 2015, the government endorsed Bill 58/2015 amending some aspects of Law 09/13. The bill establishes that producers of renewable energy can also access low-voltage grids. The specific conditions will be defined and regulated subsequently. That bill also regulates aspects concerning the delivery of excess renewable energy to the high-voltage network.

Eastern Europe and Egypt

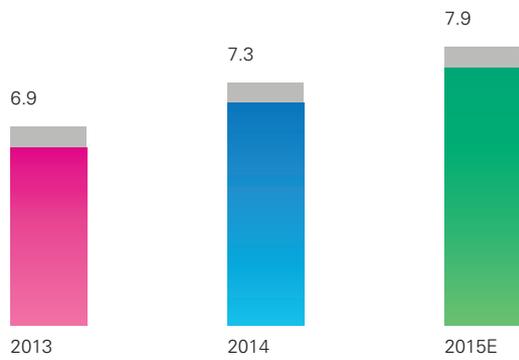
Greece

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.

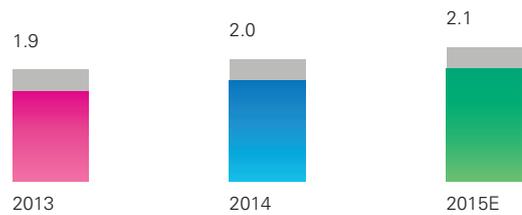
In the “National Renewable Energy Action Plan in the scope of Directive 2009/28/EC”, setting out measures for the implementation of Directive 2009/28/EC, Greece has projected a total installed capacity for renewable generation of 13 GW by 2020, with wind and solar power expected to make the largest contribution.

The measures introduced in 2012-2014 to reduce the rate deficit, however, could slow the sector’s growth. Installed renewables capacity reached about 8 GW in 2015, up 8% compared with 2014.



Source: Lagie, Enerdata, European Commission.
Note: excluding pure pumping systems.

The wind sector has grown fairly steadily, reaching about 2.1 GW in 2015, up about 6% on 2014.

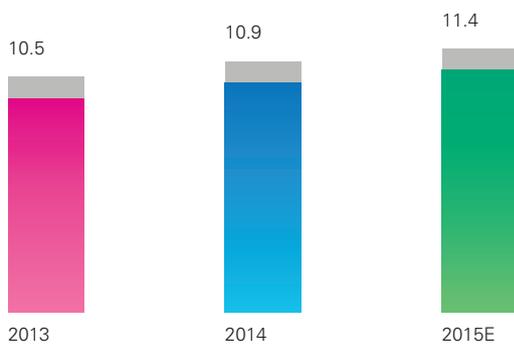


Source: Lagie, Enerdata, European Commission.

Romania

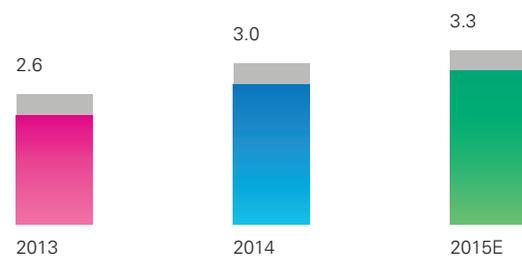
Romania has used the green certificates mechanism to foster the development of renewable energy in recent years. Under its National Renewable Energy Plan to implement Directive 2009/28/EC, the Romanian government plans to reach a total of about 12.6 GW of renewable generation capacity by 2020, an installed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

Installed renewable generation capacity expanded by an estimated 4% in 2015, exceeding 11 GW, as detailed in the following chart.



Source: GWEC, Transelectric, European Commission, Enerdata.
Note: excluding pure pumping systems.

The growth is mainly attributable to wind power: in 2015, installed wind capacity expanded by 10%, rising to an estimated 3.3 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.

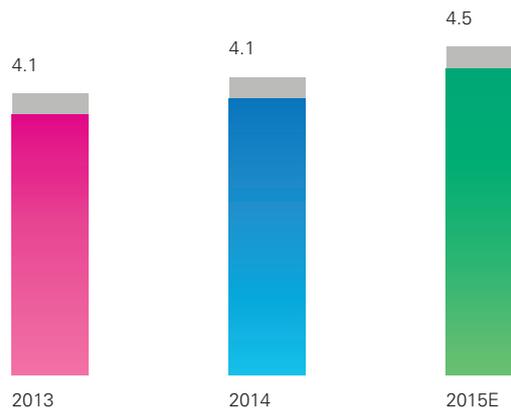


Source: GWEC, Transelectric, European Commission, Enerdata.

Bulgaria

Today, Bulgaria has already exceeded the EU target for 2020 to produce 16% of electricity from renewables by three percentage points. The increase in renewables capacity was supported by a series of regulatory measures. The main instrument was the feed-in tariff mechanism. However, in March 2015, the Bulgarian parliament voted to eliminate the tariff mechanism for new renewable energy projects. In July last year, a number of amendments were approved that levy a retroactive 5% tax on the income of all electricity generators.

In recent years, Bulgaria has seen installed renewables capacity expand, reaching an estimated 4.5 GW in 2015, up 9% on 2014.



Source: BNEF, IEA, SPE, IRENA.
Note: excluding pure pumping systems.

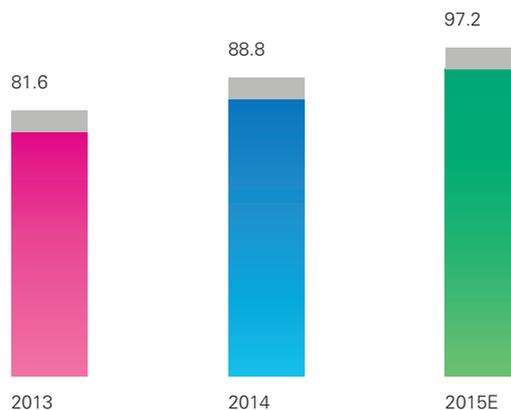
Germany

The recently approved "Energy Turnaround" program plans to gradually phase out nuclear energy by 2022 and largely replace it with renewables capacity. The energy and renewable resource market is currently being reformed, focusing mainly on the competitive bidding mechanism.

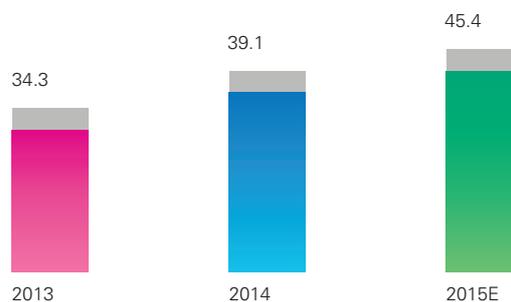
In 2015, 12.6% of final energy consumption in Germany came from renewable resources. This figure is legally bound to rise to 18% by 2020, under the provisions of the European Renewable Energy Directive (2009/28/EC).

Germany registered estimated growth of about 9% of its installed renewables capacity in 2014, reaching more than 97 GW, as shown in the following chart.

The growth is mainly attributable to wind power. Last year, installed wind capacity expanded by 16% to an estimated 45 GW. Wind power represents about 47% of installed renewables capacity.



Source: BNEF, EWEA, Federal Ministry of Energy, European Commission.
Note: excluding pure pumping systems.



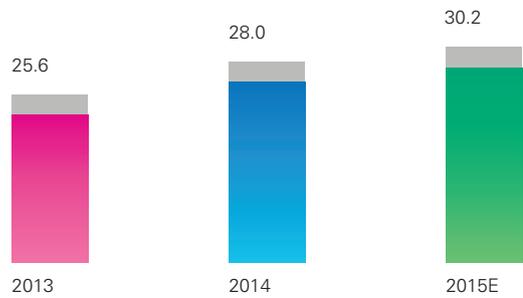
Source: BNEF, EWEA, Federal Ministry of Energy, European commission.

Turkey

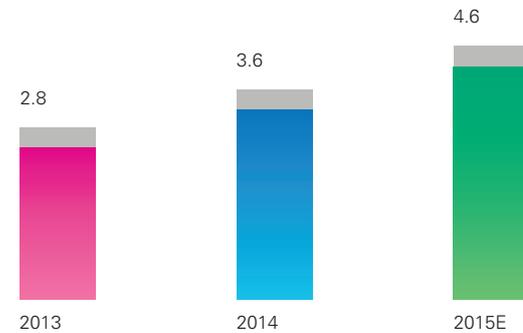
Turkey has undertaken an ambitious market reform, seeking to privatize and liberalize the energy sector and the exploitation of national energy resources (especially lignite), including renewable energy in order to reduce the country's dependence on imported fuels. The government has set capacity targets for 2023 and 2030 to keep pace with rising demand.

In recent years, Turkey has seen an expansion in installed renewables capacity, which is estimated to have exceeded 30 GW in 2015, up 8% on 2014.

The wind sector has experienced especially rapid growth in the past two years, reaching an estimated 4.6 GW in 2015, up about 26% on 2014.



Source: TEIAS, EPIA, BNEF, IRENA, IEA.
Note: excluding pure pumping systems.



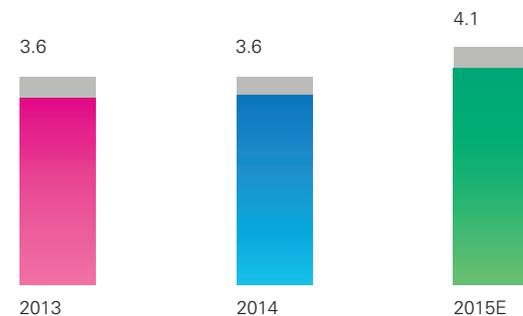
Source: TEIAS, EPIA, BNEF, IRENA, IEA.

Egypt

In Egypt, in 2014 the Ministry of Electricity and Energy and the Regulatory Agency launched a feed-in tariff system for photovoltaic and wind projects with a capacity of less than 50 MW. The goal is to increase the output of renewable energy in Egypt, with the construction of 2.3 GW of photovoltaic capacity and 2 GW of wind capacity by 2020.

Projects over 50 MW are eligible for competitive auctions. In August 2015, the government announced three new auctions for the development of 500 MW of wind and solar capacity.

In recent years, Egypt has experience rapid growth in installed renewables capacity, which in 2015 is estimated to have reached about 4 GW, up 14% on 2014.



Source: Ministry of Energy and Electricity, BNEF, IRENA, IEA.
Note: excluding pure pumping systems.

Regulatory and rate issues - Greece

The Greek incentive system uses a feed-in tariff differentiated by renewable energy resource. In the 2012-2014 period, a range of measures were introduced to reduce the budget deficit, decreasing incentives. A new mechanism, based on premiums and tenders, should replace the current one, but the timing of its introduction is not known owing to political uncertainty.

The Wholesale Electricity Market and the Capacity Assurance Mechanism (CAM) are undergoing reform.

Under the proposed changes, the wholesale system will be

composed of four separate markets: the Forward Market, the Day-Ahead Market (the only one currently operating), the Intra-day Market and the Balancing Market.

The CAM will be based on four pillars: capacity availability, flexibility, strategic reserve and demand-side response. On December 28, 2015, the government sent its proposal for the CAM to the European Commission. The proposal reflects the European Commission's indication to not introduce retroactive payments for 2015.

Regulatory and rate issues - Romania

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 31, 2015, the government published the share of electricity generated from renewables that will receive incentives for 2016, which is now equal to 12.15%; in 2015 it was equal to 11.9% (decision no. 1110/2014 published on December 19, 2014).

Regulatory and rate issues - Bulgaria

The Bulgarian incentive system is mainly characterized by a feed-in tariff differentiated by resource. The mechanism is open to on-shore wind plants, photovoltaic plants, hydroelectric plants with a capacity of less than 10 MW and biomass plants with a capacity of less than 5 MW.

Between 2012 and 2014 many regulatory changes were introduced, including a local tax of 20% (later cancelled by the courts), an access fee and limitations on subsidized production. All of these were intended to reduce the system deficit created by the incentives.

Regulatory and rate issues - Turkey

The Turkish renewable energy system provides for a feed-in tariff mechanism denominated in US dollars, guaranteed for 10 years, with the option of transferring to the open market

each year until 2020. If local components are used in construction, the system establishes a further 5 years of guaranteed incentives.

Regulatory and rate issues - Germany

Three support mechanisms are in place:

- > a feed-in tariff, applicable for plants in differing amounts depending on the date of entry into service;
- > a feed-in-premium, calculated as the difference between

- the "applicable value" (ct/kWh) for each form of renewable energy and the monthly average electricity price;
- > auctions: to be implemented from 2017, replacing the feed-in-premium.

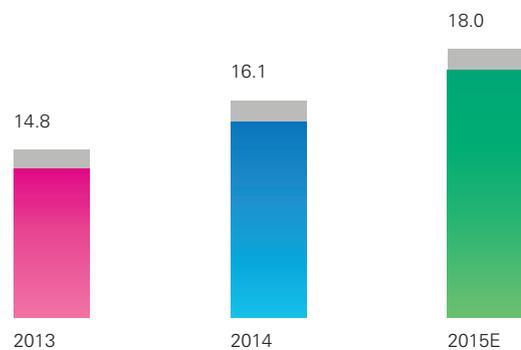
Latin America

Mexico

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.

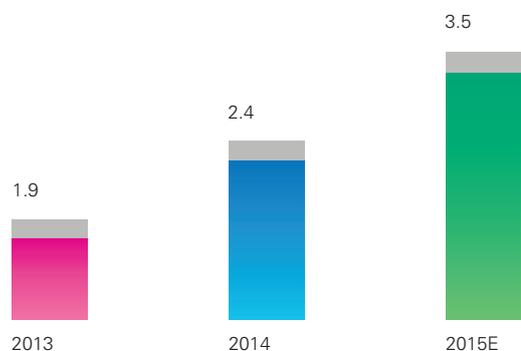
In recent years the Mexican government has been very active in promoting the development of a regulatory framework in support of renewable energy. In 2015, these actions took the form of the approval of laws and regulations designed to achieve a target of 35% of electricity generation from non-polluting sources by 2024. The system provides for mechanisms for short- and long-term transactions in electricity, capacity, "clean energy" certificates, and auctions for the supply of customers in the regulated market.

Despite the pending new rules, Mexico experienced a substantial flow of investment in 2015. Installed renewables capacity is estimated to have increased in 2015 by about 11% over 2014, reaching about 18 GW.



Source: SENER, GWEC, Enerdata.
Note: excluding pure pumping systems.

Wind power made the greatest contribution to the overall increase in installed renewables capacity in the last year. In 2015, the installed base of wind capacity amounted to about 3.5 GW, as detailed in the following chart.



Source: SENER, GWEC, Enerdata.

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.

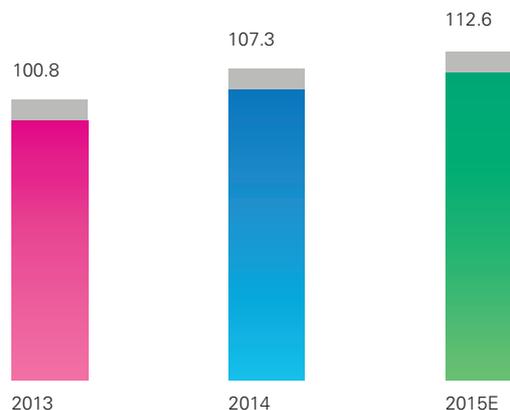
According to the World Energy Outlook 2014, installed renewable generation capacity in Brazil will expand sharply, rising to 137 GW in 2020 ⁽⁷⁾.

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).

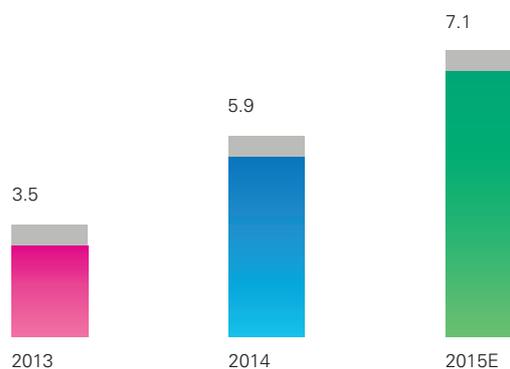
Recently, the Ministry of Energy published a new industry expansion plan (PDE 2023 - *Plano Decenal de Expansão de Energia*) that envisages major growth targets for renewables capacity.

As of 2015, installed renewables capacity was about 113 GW, up 5% on the previous year.

Installed wind capacity amounted to about 7 GW in 2015, an increase of no less than 20% on 2014. At the same time, wind's share of total renewables capacity rose from 5.5% in 2014 to 6.3% in 2015.



Source: ANEEL, IEA, GWEC, Enerdata.
Note: excluding pure pumping systems.



Source: ANEEL, IEA, GWEC, Enerdata.

Chile

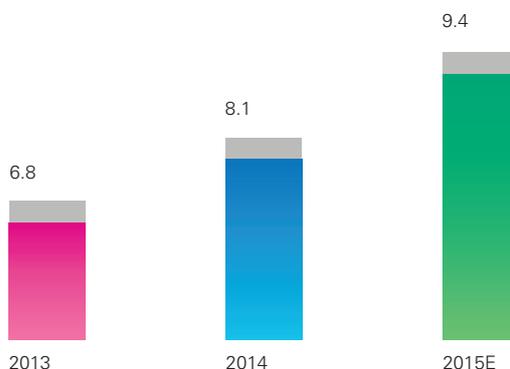
Unlike many Latin American countries, Chile does not have an abundance of fossil fuel resources and primarily meets domestic energy demand with imports. At the same time, however, Chile has major renewable energy potential in a range of technologies, including hydroelectric, wind, solar and geothermal.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

In addition, an additional target for installed capacity was recently introduced, providing for 45% of new capacity installed between 2014 and 2025 to be renewables plants.

Recently, the photovoltaic sector has made a major contribution not only to drastically reducing emissions but also to reducing the cost of electricity, which is among the highest in Latin America.

As the following chart shows, as of 2015 Chile had an estimated installed renewable generation capacity of more than 9 GW, an increase of 16% on the previous year.



Source: CNE, SPE, Enerdata, GWEC, BNEF.
Note: excluding pure pumping systems.

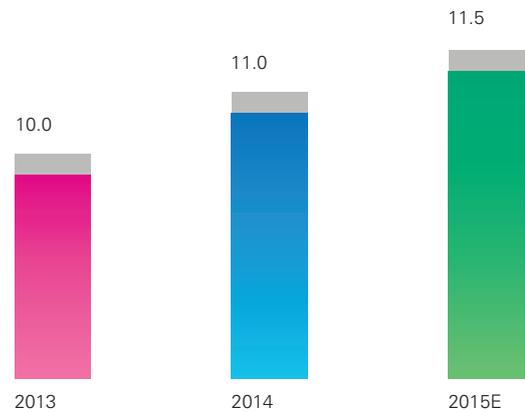
(7) Including pure pumping systems.

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 2015, Colombia had a total installed capacity of about 11.5 GW, mainly accounted for by hydroelectric power, with estimated growth of about 4% on 2014.



Source: UPME.
Note: excluding pure pumping systems.

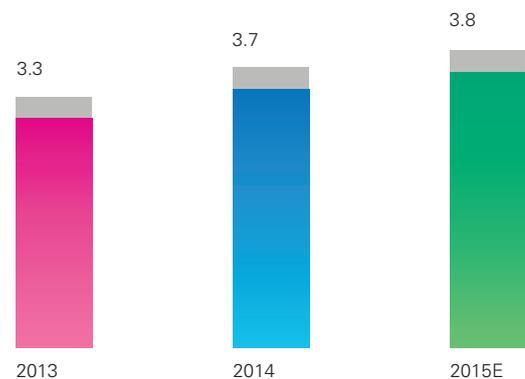
Peru

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. The government has announced that it wants to achieve a target of 5% of electricity from solar and wind power by 2017.

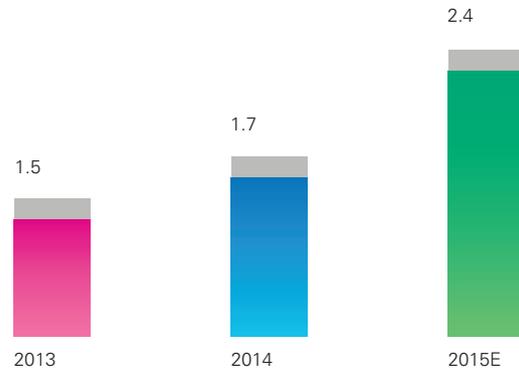
In 2015, Peru had installed renewables capacity of 3.8 GW, mainly accounted for by hydroelectric capacity, with an increase of about 4% on 2014.



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

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 2015, reaching 2.4 GW, rose about 47% on the previous year.

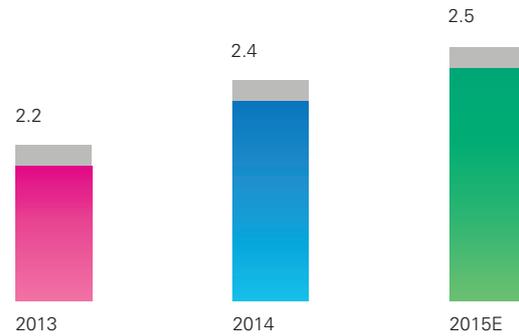


Source: CEPAL, ASEP, Enerdata, IRENA.
Note: excluding pure pumping systems.

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 about 85% of output.

Installed renewable generation capacity in 2015 is estimated to have risen by about 4% compared with 2014, to stand at 2.5 GW.



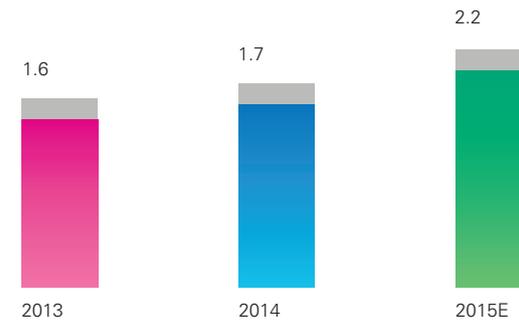
Source: Enerdata, ICE, IRENA, GWEC.
Note: excluding pure pumping systems.

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.

Under the Energy Policy 2013-2027, the country has set a target for renewables generation of 80% by 2027.

In 2015, installed renewables capacity rose by 27% to an estimated 2.2 GW, of which about 50% is hydroelectric capacity.



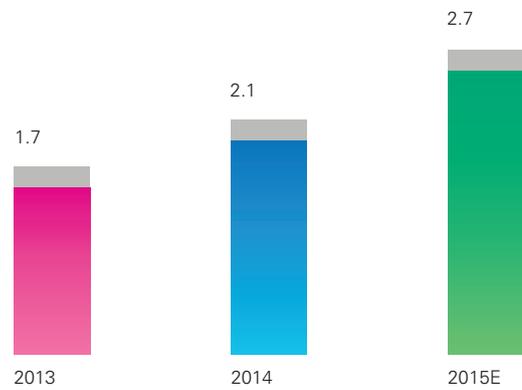
Source: Enerdata, BNEF, IRENA.
Note: excluding pure pumping systems.

Uruguay

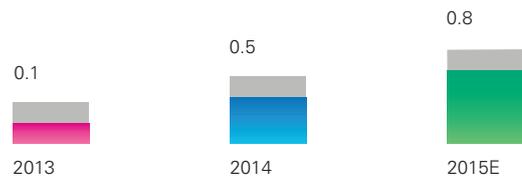
Uruguay is a candidate to become one of the largest wind power markets in Latin America in the coming decade, in competition with countries with much larger economies and land areas. In addition to the country's promising financial situation, other factors supporting this vision include favorable wind conditions, an adequate transmission and distribution system and a government approach to renewables based on long-term electricity purchase agreements.

In 2015, installed capacity amounted to an estimated 2.7 GW, up 29% on the previous year.

Installed wind capacity in 2015 amounted to about 0.8 GW, a substantial rise over 2014 (+80%). At the same time, wind power is making a growing contribution to overall capacity (from 25% in 2014 to 30% in 2015).



Source: BNEF, IEA, SPE, IRENA.
Note: excluding pure pumping systems.



Source: BNEF, IEA, SPE, IRENA.

Regulatory and rate issues - Brazil

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 system envisages different types of auction depending on whether participation is reserved to new plants or existing plants and primarily comprise:

- > *Leilão Fontes Alternativas*, reserved to renewable wind, biomass and hydroelectric technologies up to 50 MW;
- > *Leilão Energia de Reserva*, for which all projects that will enter operation within three years of the date on which the auction is held are eligible. These auctions are normally organized to increase reserve capacity and/or promote the development of certain technologies (such as renewables);
- > *Leilão de Energia Nova*, for which all projects that will enter operation more than three years after the date on which the auction is held are eligible. These 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.

An auction typically has two phases: the descending-clock phase in which the auction organizer establishes the open-

ing price for the auction and the generators submit decreasing bids; and the pay-as-bid phase in which the remaining generators further reduce the price until the supply of power covers all the demand up for auction. The winning bidders are granted long-term contracts whose term varies by resource: 15 years for thermal biomass plants, 20 years for wind plants, 25 years for solar plants and 30 years for hydroelectric plants.

During 2015, 8 auctions were held for the supply of regulated customers, of which 5 involved the participation of renewables projects. Contracts for a total of about 5.5 GW in new capacity were awarded. In November, the Federal Government also held an auction for the reallocation of about 6 GW of expiring hydroelectric concessions, with 30-year contracts that provide for remuneration of operating costs for 70% of the capacity and the possibility of allocating the remaining 30% on the free market.

In September, the Ministry approved a decree that will allow wind turbines that have been operational for at least 24 months and have undergone technical alterations during project development to recalculate the value of their "Garantia Física", i.e. the maximum capacity with which a system can participate in an auction to supply regulated customers.

Under the approved methodology, plants that record a positive differential can sell it through A-0 and A-1 auctions or to free-market customers.

In December, Law 13203 was approved. Among other changes, it introduced a new mechanism for managing the hydrological risk, which allows hydroelectric generators the

option of transferring that risk to end users in exchange for a price reduction in contracts signed. It also increased, from 30 MW to 300 MW, the threshold for renewables plants to benefit from tax incentives and allows plants that won in previous auctions to participate with any surplus capacity in future auctions for the supply of regulated customers.

Regulatory and rate issues - Chile

Chile has a system mandating achievement of specified renewable energy targets for those who withdraw power for sale through distributors or sales companies. The law sets two different targets based upon the date the contract is signed:

- > for all power under contract between August 31, 2007 and June 30, 2013, renewable resources are to account for 5% of the electricity starting from 2014, an amount that will increase by 0.5 points per year to reach a share of 10% by 2024;
- > for all contracts signed starting from July 1, 2013, Law 20698 of 2013 sets a target of 20% by 2025 to be achieved by gradually raising the initial share of 6% in 2014.

All renewable energy resources are eligible for the purposes of meeting the requirement. For hydroelectric plants with a capacity of up to 40 MW, the system provides for a corrective factor which counts all of the first 20 MW and a declining proportion of the capacity between 20 and 40 MW. The mechanism also establishes penalties for failure to achieve the mandatory share.

In May 2014, the country's new Energy Agenda was presented by President Michelle Bachelet, setting out the primary energy policy targets, the next regulatory steps to be taken and lays out the plans of investments that the government intends to make in its next term. Specifically with regard to renewables, the Agenda confirms the target of cutting ener-

gy consumption 20% by 2025 and introduces an additional target that 45% of new capacity to be installed between 2014-2025 be supplied by renewable power plants.

On January 29, 2015, Law 20805 was approved, introducing changes to the system of auctions for the supply of customers on the regulated market. The primary changes involve increasing the term of the contract (from 15 to 20 years), as well as the range within which customers are allowed to remain within the regulated market (from a range of 0.5-2 MW to a range of 0.5-5 MW), introducing short-term auctions and, finally, offering new plants the option of delaying the date at which they are to begin supplying electricity.

In April 2015, the Ministry published the decree approving the Plan for the Expansion of the National Electrical System for 2014-2015. The plan include the construction of an interconnection between the country's two main electrical systems (SIC and SING), which should enter service by the end of 2019.

In September 2015 the document "Hoja de Ruta al 2050: Hacia una Energía Sustentable e Inclusiva" was published, defining guidelines for the long-term evolution of the energy industry in Chile and setting a number of industry targets. The document constitutes one of the foundations of the energy policy to be developed by the Energy Ministry and introduces, among other things, the goal of generating 70% of power from renewable resources by 2050, most of which should be obtained by using wind and solar capacity.

Regulatory and rate issues - Colombia

On May 14, 2014 the President of Colombia promulgated Law 1715 concerning the promotion of electricity generation from renewable resources, the reduction of greenhouse gas emissions and ensuring the country's energy security. In addition to introducing a variety of tax incentives for renewable resources, the law provides for the creation of a fund

to finance non-conventional renewables plants and energy efficiency initiatives.

In 2015, the drafting of second level legislation continued, with the approval of a decree formalizing the tax incentives envisaged in the law for renewables plants. More specifically, such plants will be exempt from VAT and duties and ben-

enefit from accelerated depreciation and a 50% tax deduction. In February 2016, the Ministry of Mines and Energy published the new plan for the 2015-2029 period ("Plan de Expansión de Referencia Generación – Transmisión 2015-2029"), officially beginning the construction of the connection of the peninsula of La Guajira to the national electrical system, which should

enter service by the end of 2022. The area, in the north of the country, is currently isolated but is one of the areas of greatest wind potential in Colombia. In the coming months, the final design of the project will be completed, setting out the detailed timetable for construction, so as to take account of the development plans of local generators.

Regulatory and rate issues - Mexico

The year 2015 saw the progressive approval and publication of a series of laws and regulations to restructure the energy and oil sector. With specific regard to the electricity industry, the legislative process, which began with constitutional amendments approved in December 2013 and continued in 2014 with the enactment of the legal framework for the electricity industry (*Ley de la Industria Eléctrica*, *Ley de Energía Geotérmica* and *Ley de la Comisión Federal de Electricidad*), culminated in 2015 with the publication of the Electricity Market Guidelines.

The document, published in September, describes the rules governing the operation and organization of, as well as the criteria for participation in, the new market. The system provides for mechanisms for short- and long-term transactions in electricity, capacity and "clean energy" certificates, including a Real-Time Market, a Day-Ahead Market and auctions for the supply of customers in the regulated market.

On the basis of the announced calendar, as from January 27, 2016 operators can participate in the wholesale market, while the first long-term auction will be held in March 2016, at which distributors can purchase the power and certificates necessary to achieve the target of 25% of generation from non-fossil resources by 2018. January 27, 2016 also saw the launch of the real-time wholesale market.

In January, the Ministry also initiated the unbundling of the

former market monopolist (*Comisión Federal de Electricidad – CFE*) with the publication of the associated decree. That process, which should be completed by the end of 2017, envisages horizontal and vertical separation and will lead to the creation of at least four generation companies, two grid operations companies (transmission and distribution), two sales companies (for customers in the free and regulated markets) and two branches to manage commercial relations with generators who opt to maintain the pre-reform market arrangements (independent producers and self-generators). As regard the long-term development of the sector, in June the Ministry of Energy (SENER) presented the electricity sector planning document for 2015-2029 (PRODESEN). The document sets out to identify the electricity generation, transmission and distribution projects necessary to meet demand over the period. According to Ministry estimates, demand is expected to rise by between 3% and 4%, which will require about 60 GW of additional capacity, of which about 32 GW of renewables capacity in order to meet the target of 35% of generation from renewables by 2024.

Finally, in December the Energy Industry Transition Act was approved, defining and formalizing the medium- and long-term objectives for the incorporation of generation from non-fossil resources into the electricity system (25% by 2018, 30% by 2021 and 35% by 2024).

Regulatory and rate issues - Ecuador

On January 8, President Rafael Correa ratified the "Ley Orgánica del Servicio Público de Energía Eléctrica", which introduces the possibility for the ministry to delegate electricity generation, distribution and transmission activities to local and foreign private-sector operators in the exceptional cases specified.

More specifically, Article 25 of the law indicates as exceptional cases:

> cases in which it is necessary to meet the public, collecti-

ve or general interest;

- > cases in which electricity demand cannot be met by public or mixed companies;
- > cases in which the projects use unconventional renewable energy resources not included in the list of projects identified by the ministry (*Plan Maestro de Electricidad*).

In January 2016, the regulator (ARCONEL) published the rules that will define the secondary legislation, whose publication is expected to come in the 1st Half of 2016.

Regulatory and rate issues - Peru

The Peruvian renewables incentive system, introduced with Legislative Decree 1002 of 2008 (*Decreto Legislativo de Promoción de la Inversión para la Generación de Electricidad*), is a system of competitive auctions open to all renewable generation technologies (with the sole exception of hydroelectric plants, which are eligible up to a limit of 20 MW), usually differentiated by resource at the time of the publication of the associated decree by the ministry.

The auctions provide for a maximum bid price and a pay-as-bid mechanism. The winning renewables plants also benefit from dispatching priority and a variety of tax incentives, including accelerated amortization and early reimbursement of sales taxes.

In December, the fourth renewables auction was held as part of the effort to achieve the 5% target introduced with the 2008 law. The winning bidders will sign 20-year contracts to supply electricity from wind, photovoltaic, mini-hydro and biomass resources totaling about 2.2 TWh a year, with supply to begin in January 2018. The winners will be announced in February or March 2016.

As regards legislation governing the development of generation, in February 2015, the regulator OSINERGMIN approved the new calculation method for *Energía Firme*, which in the case of renewables plants will be defined on the basis of the production function, distinguishing between plants in operation, new plants and winners of a renewables auction.

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 SIEPEC transmission line on September 29, 2014.

Last year saw the regular holding of auctions to allocate

short-term transmission rights for use of the grid and engage in cross-border trade in electricity among 6 countries in Central America (Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica and Panama).

Regulatory and rate issues - Panama

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

In February 2015, the Congress approved Law 25, which authorizes the creation of the Ministry of the Environment. The new ministry will be charged with contributing to the implementation of environmental policies in collaboration

with other ministries and with implementing national development projects.

In May 2015 Resolution 8566 was approved. It changes the methodology for the export of electricity during periods of abundant water availability. The new rule proposed by the operator of the Panamanian system, *Centro Nacional de Despacho*, would reduce the risk of reservoir overflow.

Regulatory and rate issues - Guatemala

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.

In January 2015 the regulator, CNEE, announced that in 2014 the country had reached 65% of generation from renewable resources, an increase of about 15% compared with 2007, the year in which the government approved the country's

long-term targets for renewables generation. More specifically, the numbers confirmed that the country had achieved the target of 60% set for 2015 and was on the way to achieving the subsequent target (80% by 2026).

Regulatory and rate issues - Costa Rica

Renewable energy is primarily sold through IPPs (≤ 20 MW) with rates set by the regulator (ARESEP) and BOT public auctions (≤ 50 MW) with prices set for long-term PPAs with ICE. In September 2015, the President signed the "Plan Nacional de Energía 2015-2030", which sets out short-, medium- and long-term objectives for energy sector planning. For the electricity industry, four objectives have been defined and will be addressed by specific measures in the coming years:

> improving energy efficiency through a reduction of ener-

gy intensity and emissions associated with energy consumption;

> ensuring optimal distributed generation, allowing the direct use of renewable resources;

> optimizing the country's generation matrix by assessing the available resources and their combination in terms of quality, availability and price;

> introducing a comprehensive planning approach for the energy system that considers economic, technical, social and environmental aspects as pillars of the system.

Regulatory and rate issues - Uruguay

The country's energy policy is guided by the 2005-2030 National Energy Policy, approved by the government in order to reduce Uruguay's energy dependency and encourage investment in the energy industry. The policy sets out a series of short-, medium- and long-term objectives, including a goal of achieving 15% of generation from non-conventional renewa-

bles by 2015 (the target was achieved).

As regards market access, private operators can participate in auctions called by the government, normally differentiated by generation technology, for the award of long-term contracts for the sale of electricity to the national distributor UTE.

North America

United States

In the United States, renewable energy use is supported by specific federal- and State-level measures and is evolving continuously. There are a number of forms of support at the federal level, such as production and investment tax credits and accelerated amortization. Renewable Portfolio Standards – State-level mechanisms 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.

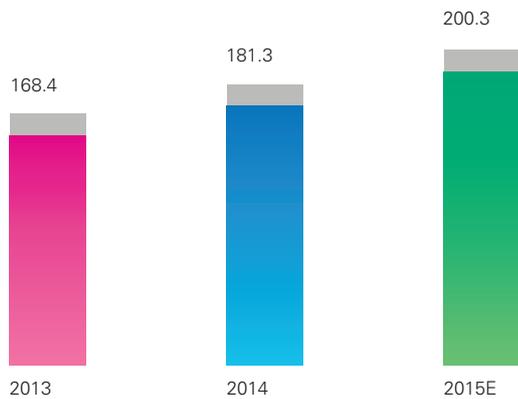
In addition, a proposed regulation is currently under revision and consideration for approval that will apply to existing fos-

sil fuel power plants. It requires an overall reduction in CO₂ emissions by 2030 of 30% from their level in 2005.

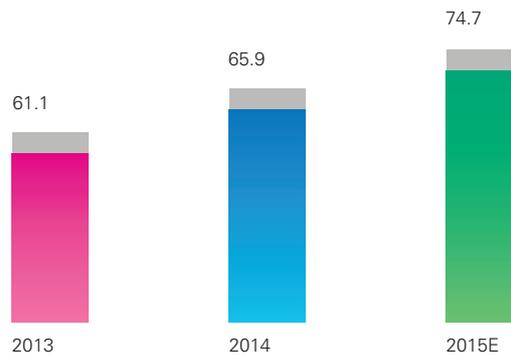
According to the World Energy Outlook 2014, renewable energy generation capacity will expand sharply, rising to 270 GW in 2020 ⁽⁸⁾. The greatest contributions to the growth will come from photovoltaics and wind power.

As of 2015, the United States has a total installed renewables capacity of about 200 GW, up about 10% on the previous year.

(8) Including pure pumping systems.



Source: EIA (hydro), IEA (biomass), AWEA (wind), SEIA, Enerdata (solar), BNEF (geo). Based on data from IEA, BNEF, AWEA and FERC for 2015.
Note: excluding pure pumping systems.



Source: AWEA.

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 66 GW in 2014 to 75 GW in 2015.

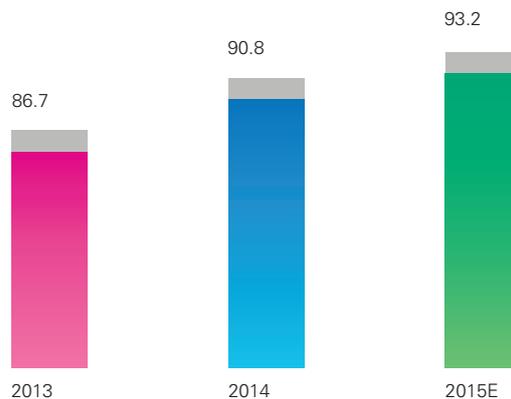
The growth in wind capacity was accompanied by a parallel expansion in its geographical reach. According to the American Wind Energy Association (AWEA), the number of States that already have installed wind capacity was 39 in 2014.

Canada

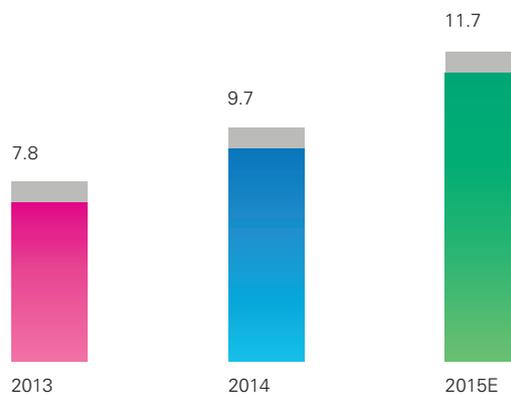
Canada is one of the world leaders in installed renewable generation capacity, thanks largely to the contribution of hydroelectric power. The development of renewables has been spurred mainly by a series of voluntary and binding targets adopted by a number of provinces (Manitoba, New Brunswick, Ontario,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

In 2015, the installed base of renewable generation capacity grew by about 2.5 GW, to about 93 GW, of which 83% in the form of hydroelectric power.

The resource whose installed capacity grew the most in 2015 was wind power, with capacity rising to about 12 GW last year. The provinces with the most new installed wind capacity in 2015 were Québec, Ontario and Alberta.



Source: Enerdata, GWEC, Global Data, SPE (EPIA).
Note: excluding pure pumping systems.



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

Regulatory and rate issues - United States

The United States has a two-level renewables incentive system. The federal level envisages various types of support, including tax incentives for production and investment (the production tax credit and the investment tax credit), accelerated depreciation and federal subsidies. At the State level, the main incentive is a Renewable Portfolio Standard (RPS) mechanism, i.e. a system 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 no corresponding platform active at the federal level.

The production tax credit (PTC), the tax incentive to encourage renewable electricity generation from wind, geothermal, hydroelectric and biomass plants, expired at the end of 2015, while the investment tax credit (ITC), the tax incentive for solar energy, which is expiring at the end of 2016, was recently renewed.

The wind PTC is granted in an amount equal to:

- > 100% if construction begins before January 1, 2017;
- > 80% if construction begins before 1 January 2018;
- > 60% if construction begins before 1 January 2019;
- > 40% if construction begins before 1 January 2020.

The solar ITC is granted in an amount equal to:

- > 30% if construction begins before 1 January 2020;
- > 26% if construction begins before 1 January 2021;
- > 22% if construction begins before 1 January 2022.

Finally, the geothermal, hydroelectric and biomass PTC is granted in an amount equal to 100% if construction begins before 1 January 2017.

Additional guidance on the definition of “construction begins” and “continuous efforts” required for eligibility is expected to be issued by the Internal Revenue Service in the 1st and 2nd quarters of 2016.

In August 2015, the Environmental Protection Agency announced the Clean Power Plan for cutting emissions by 32% by 2030 and established a specific reduction target for each State. However, on February 9, 2016, the US Supreme Court ordered the suspension of the measure while federal courts are examining the issue. The validity of the EPA’s deadlines for the States now hangs on the outcome of the legal proceedings. Previously, each State had to present an appropriate reduction plan to the EPA by 2016.

States will need to start cutting emissions by 2022, with an incentive system in place starting in 2020.

Regulatory and rate issues - Canada

There are currently no renewables incentive schemes at the federal level. However, following COP21 and the First Ministers’ Meeting held on March 3, 2016, the Canadian government made the following commitments:

- > support climate change mitigation and adaptation through investments in green infrastructure, public transit infrastructure and energy efficient social infrastructure;
- > work together with the provinces and territories on how best to lever federal investments in the Low Carbon Economy Fund to realize incremental emission reductions;
- > advance the electrification of vehicle transportation, in collaboration with provinces and territories;
- > foster dialogue and the development of regional plans for clean electricity transmission to reduce emissions;
- > advance efforts to eliminate the dependence on diesel

in Indigenous, remote, and Northern communities – and use renewable, clean energy as a replacement;

- > and as part of Canada’s participation in Mission Innovation, double investments in clean energy, research and development over five years, and work with global partners to promote cleaner energy and better environmental outcomes.

Canada is currently committed to reducing emissions by 30% from their 2005 levels by 2030. However, at the Paris talks, Canada supported the objective of limiting global warming to 1.5 °C. This means converting 100% of energy consumption to renewables in the next 35 years. As regards generation from renewables, a number of provinces have set binding or voluntary objectives, adopting different approaches to support the development of energy resources.

Africa and Asia Pacific

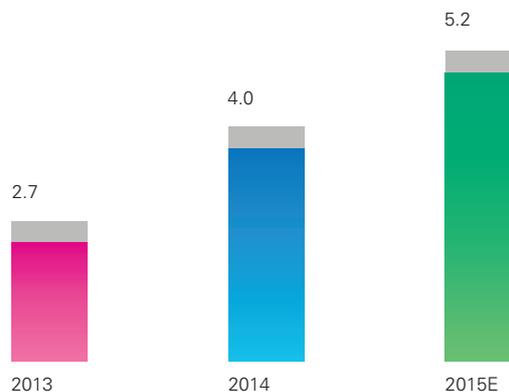
South Africa

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

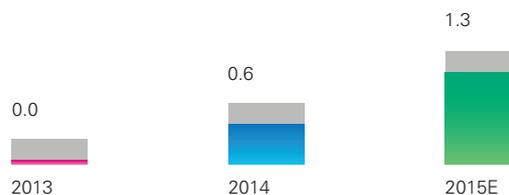
The government has however launched a program for the development of renewable resources denominated Renewable Energy Independent Power Producer Programme (REIPPP) that is consistent with the Integrated Resource Plan 2010-2030 (IRP), which envisages a substantial increase in the share of renewables in 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 29% on 2014.

Wind and solar power were the main factors in the rise, together accounting for 51% of installed renewables capacity in 2015 (up from 35% in 2014). The following chart shows the evolution in installed wind capacity.



Source: IEA Mid Term, GWEC, SPE (EPIA), BNEF
Note: excluding pure pumping systems.



Source: IEA Mid Term, GWEC, SPE (EPIA), BNEF

India

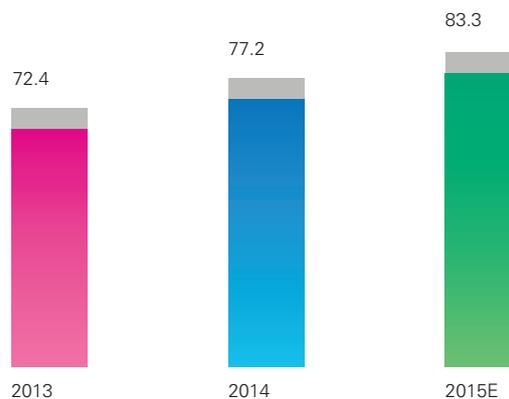
In order to meet the rising demand for electricity, the Indian government has adopted a comprehensive strategy to obtain electricity from all available resources: coal, hydroelectric, solar, wind, gas, nuclear and biomass.

The government has announced a target of 175 GW of installed renewables capacity by 2022 and is focusing primarily on solar and wind technologies, for which it has set targets of 100 GW and 60 GW respectively.

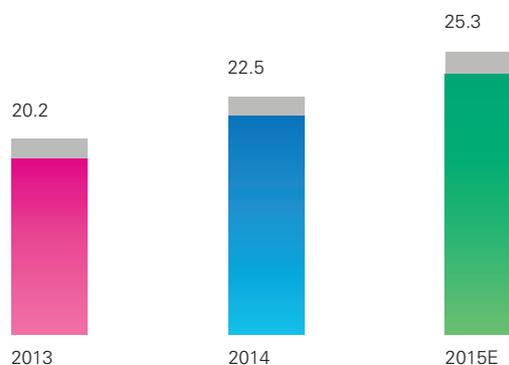
It is highly likely that over the next 5-10 years the development of the grid will make the supply of renewable energy more reliable and thereby contribute to its rapid expansion.

As shown in the following chart, renewables capacity rose by about 6 GW in the last year, an increase of about 8% on 2014.

Wind power made the largest contribution to the overall growth in installed renewables capacity, representing 30% of that capacity in 2015. As of 2015, as shown in the following chart, estimated installed wind capacity amounts to about 25.3 GW.



Source: IEA Mid Term, GWEC, SPE (EPIA), BNEF
Note: excluding pure pumping systems.



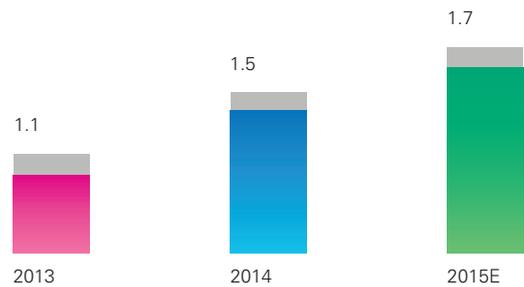
Source: IEA Mid Term, GWEC, SPE (EPIA), BNEF

Kenya

South Africa is not the only Sub-Saharan country to experience growth in renewables: in 2014 Kenya was the site of one of the biggest financing transactions for wind power.

Kenya is a leader among Sub-Saharan countries in promoting renewables. It has set very ambitious targets: 7.3 GW of geothermal, 2.2 GW of wind and 855 MW of hydroelectric by 2033. Kenya remains a regional example for the development of renewable power, especially in the geothermal sector.

Kenya is estimated to have expanded its installed renewables capacity by about 12% in 2015, to close to 2 GW, as shown in the following chart.



Source: Ministry of Energy and Electricity, Enerdata, Ren21.
Note: excluding pure pumping systems.

Regulatory and rate issues - South Africa

In May 2011, South Africa approved a target of 17.8 GW of installed renewable capacity by 2030 based upon the long-term energy strategy set out in the 2010-2030 Integrated Resource Plan. The primary tool to be used in achieving this target is the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP), an auction system launched in 2011 that seeks to install around 13 GW in new renewable capacity between 2014 and 2020 (hydroelectric <40 MW, concentrated solar and photovoltaic, wind, biomass, biogas and landfill gas power). Currently, five rounds (bid windows) are scheduled, four of which have already been held, with the award of more than 5,000 MW of capacity. In 2015 an additional round – called the Expedited Round, or Round 4.5 – was added and held for an additional 1,800 MW, which have not yet been assigned.

After a pre-qualification phase, which is concerned with technical and financial issues, qualified projects are chosen based upon two criteria: the bid price (weighted 70%) and the economic development content of the project (weighted 30%). The latter is based upon a series of parameters focusing on the economic development of the country, including

local content and the creation of jobs for South Africans, especially non-whites.

The winners will be invited to enter into a 20-year PPA with the national utility, Eskom, with payments guaranteed by the government.

In early 2015, NERSA, the national electricity regulator, initiated two reviews of the rules applicable to distributed generation and the use of the national grid for electricity transport (wheeling). The rules governing distributed generation will allow all end users the option of installing photovoltaic systems and to export their excess power to the grid (net metering). The rules governing wheeling will permit the sale of electricity through bilateral contracts between a private generator and end users (commercial or industrial enterprises; residential customers are not eligible). The dates for completion of those reviews have not been announced officially.

Finally, on the basis of the long-term rate planning mechanism, South African electricity rates should increase by an average of 8% a year until 2018.

Regulatory and rate issues - India

India is a federal republic composed of 29 States, each of which has specific responsibilities in various sectors as well as shared responsibility with the federal government in the electricity sector.

The Ministry of New and Renewable Energy defines and implements policy for the development of renewable energy at the national level. In addition to the Ministry, the power market is supervised at the federal level by the Central Energy Regulatory Commission (CERC), which sets guidelines and standard rates, and by the State Energy Regulatory Commissions (SERC), which implement them at the State level.

In June 2015 the government headed by Prime Minister Narendra Modi approved a target of 175 GW of renewables capacity by 2022, including 100 GW from solar, about 60 GW from wind and about 10 GW from other technologies.

The renewables industry is characterized by a high degree of fragmentation, as each State has introduced its own regulatory system for the development of new capacity. In general, the main support mechanisms for the development of wind and solar are:

- > federal and State auctions (solar);

- > feed-in tariffs at the State level (wind);

- > generation-based incentives at the federal level (wind);

- > Renewable Energy Certificates (REC) based on State-level Renewable Portfolio Obligations (RPO) (wind and solar);

- > specific tax incentives.

The most widely adopted incentive plan for wind power is based on Preferred Feed-In Tariffs, defined by the SERCs at the State level and implemented through PPAs with State distribution companies with terms varying between 10 and 25 years depending on the State.

As concerns developing the solar energy sector, in 2010 a federal program called the Jawaharlal Nehru National Solar Mission (JNNSM) was launched, based on an auction system managed at the federal level but implemented at the State level. The program is structured into three phases, of which the second is currently under way. The winning bidders are awarded a 25-year PPA at a fixed rate with the National Thermal Power Corporation, the leading national electricity company.

Regulatory and rate issues - Kenya

While Kenya has not set official installed capacity targets for renewable energy, it strongly supports their development, mainly in order to reduce its dependence on hydroelectric power, seeking to attract private investors.

The main incentive mechanism for renewables, in use since 2008 and revised in 2012, is the feed-in tariff system (FIT), with a specified value determined by law by the Energy Regulatory Commission (ERC) for plants with a capacity of less than 10 MW and by auction for larger facilities. The support mechanism provides for 20-year Power Purchase Agreements (PPA) with Kenya Power and Lighting Company (KPLC), the national operator in charge of transmission, distribution and supply of end users. Rates are differentiated

by technology (wind, biomass, solar, mini-hydro and geothermal) and size of the plant. They are partly indexed to US inflation (US CPI).

In 2012 a ceiling was set for the maximum capacity of renewables plants that could be built with a FIT contract. The FIT support mechanism is reviewed every three years, including a revision of rates. The new measures only apply to new plants, however.

The country has a rate of electrification of just 23%, making an increase in the rate of rural electrification through the extension and increasing the density of the national grid, the development of mini-grids and off-grid projects a major priority.

How we operate

Creating shared value

A way of doing business that focuses on the creation of shared value

The purpose of the Enel Green Power business model is to find new and more efficient ways to generate renewable energy, while leveraging competitive advantage based

on technological innovation, environmental integration, and constant improvement.

Technological innovation

This is one of the leading sources of competitiveness for the Group, as we invest heavily in improving plant efficiency, integrating renewable energies into urban settings, and testing renewable energies that have yet to be fully explored.

Constant improvement

An equally distinctive feature of Enel Green Power's strategy is the quest for constant improvement in our processes, following a path that has led the Group to revise our internal procedures and tools of communication and coordination between functions in order to systematically integrate the creation of shared value into the decisions we make and the activities we pursue.

Integrating with the community

In order to support ongoing innovation and improvement, we have created a model for the creation of stable, positive relationships with stakeholders based on the pursuit of open dialog with the communities in which the Group operates, while also identifying technical solutions and forms of collaboration that promote the creation of real, lasting value for the community and the achievement of business objectives.

The development of an efficient, effective business model requires the creation of stable, positive relationships with local stakeholders and extreme care to prevent and manage our environmental impact. Proactively managing these aspects enables us to play a positive, synergistic role in the communities in which we operate and to bring about opportunities to create shared value. The strategy chosen by Enel Green Power calls for integrating this approach into the value chain, which is structured into three phases in which the three line functions operate: Business Development (identification and development of investment opportunities), Engi-

neering & Construction (design and construction of plants), and Operation & Maintenance (operations and maintenance throughout the life of the plant).

1. During the **development** stage, as part of the authorization process, we assess the potential impact on both the environment and on the local communities involved. During this stage, we meet with residents of the community and with other stakeholders who may be interested in development of the project. In accordance with the laws and

regulations of each nation that concern obtaining the permits needed, the competent authorities generally consider a number of factors, which include the project's visual impact on the surrounding landscape, the noise generated by the plant (particularly in densely populated areas), the impact on the surrounding flora and fauna, any impact on sites of historic or archeological value or that are otherwise protected, and the topography and other characteristics of the site, such as soil and water conditions.

Development

During development prior to construction of the wind farm in Nojoli, South Africa, Enel Green Power, together with local teams, conducted research, door-to-door interviews, and workshops open to the community, which pointed to the community's need for jobs and for adequate machinery. In response, Enel Green Power selected four local contractors to begin working with in 2016, thereby creating demand for work with local businesses.

In order to promote development in the local communities, the construction stage also includes programs to develop human capital locally by way of specific training efforts such that the locals can acquire the skills and know-how needed to operate the plant.

Based on our knowledge of the areas in which we intend to operate, the Business Development Function meets with the Engineering & Construction, Operation & Maintenance, and Health, Safety, Environment & Quality Functions to discuss actions that are able to meet the actual needs of the local community in harmony with those of the company. These solutions are then taken into account during project planning and included within the investment plan in order to ensure we have the resources needed to launch the various projects.

2. During plant **design**, we identify innovative solutions that combine (cost and operational) efficiency and reducing environmental impact, and this is achieved with the help of working groups for specific types of technology (e.g. Design to Safety, Design to Environment, and Design to Cost) and specific units. The design stage also seeks to achieve high standards in terms of the environment, society,

health and safety, and governance. Every project includes an assessment of both environmental and social impact to find the configuration that best meets the needs both of our business and of project sustainability so as to mitigate any negative external impact.

Design and construction

In 2015, as part of our efforts to enhance our culture of safety, with a particular emphasis on personnel involved in operations, we launched a campaign focusing on near misses in order to identify any situations at risk and to correct them before they result in injury.

Once the plant has been designed and the necessary permits have been obtained, the **construction stage** may begin. This is when Enel Green Power's presence in the community and our impact there becomes "visible". Crucial aspects of this stage include the establishment of standards and criteria to promote conduct that respects the environment, worker health and safety, and construction regulations through both specific training for worksite personnel and interaction with the local communities as concerns the impact of the worksite and what is being done to limit that impact.

Because a large part of the operations required during construction and subsequent plant operation require the involvement of external contractors and suppliers, the Procurement unit's support in the work of the Engineering & Construction unit is essential in order to translate various specifications designed by the functions into contractual obligations and other contract clauses. External partners are required to respect health, safety and environmental standards and the standards of conduct that the Group has adopted for its own operations, and must also respect the technical specifications set by the various Functions of Enel Green Power.

In order to encourage employees, vendors and contractors to act in a manner that complies with the company's rules and principles, efforts are made at worksites and plants to increase awareness and understanding of these standards of health, safety, ethics and environmental sustainability.

3. Once construction is complete, the life cycle of the plant continues with **operation and maintenance**. The priority during this stage is to achieve operating efficiency by using advanced systems to monitor plant performance

and assess its status, to share best practices, and to implement projects for improvement so as to maximize the generation of renewable energy.

In terms of efficiency, it is also important to remember that the Group has established in-house guidelines that apply to all types of Enel Green Power plant and which determines how to measure consumption by auxiliary systems used in operations and how to analyze potential actions that would increase efficiency.

It is also during operations when there is the greatest opportunity for growth for the local communities through the employment of local residents and the involvement of local businesses as outsourcers of services needed for operations and maintenance.

These close ties with the community are also kept alive through actions aimed at increasing awareness of the company and the role we play within the local community.

Operation and maintenance

At the geothermal areas in Larderello, over the years Enel Green Power has contributed to the startup and development of local business specialized in this field.

The inclusion of sustainability within the business of Enel Green Power: the “CSV Model”

In 2013, Enel Green Power created the model for creating shared value, known as the “CSV Model”, in order to pursue a long-term strategy for growth in the company’s competitiveness by creating value in the contexts in which we operate.

In order for the business model to be focused on identifying and planning for opportunities to create shared value, we need for there to be close collaboration between the various functions, mutual feedback on process efficiency, and the support of tools that promote the sharing of knowledge among people working throughout the organization and at all points along the value chain. For this reason, the CSV Model calls for tools aimed at monitoring trends in key performance indicators throughout the project that measure various actions that concern sustainability, transferring the wealth of knowledge from one Function to another.

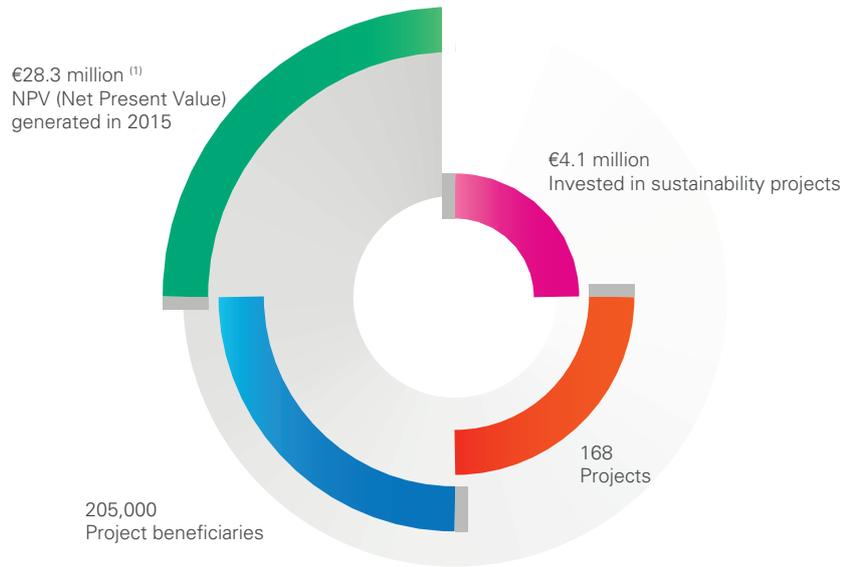
Principles of ethics, transparency, anti-corruption, safety, and the respect of human rights guide the model and have

been a key feature of Enel Green Power’s operations, as can be seen in the policies and standards of conduct applicable throughout the Enel Group.

With the help of all areas of the organization, we have identified the areas in which to achieve the greatest synergy of action between the strategies and goals of Enel Green Power on the one hand and the generation of measurable value for the community on the other. This analysis has enabled us to focus our planning and implementation efforts on those opportunities with the greatest potential return for our local stakeholders and for our business.

In 2015 a preliminary impact assessment model was developed to measure the value generated by sustainability projects in the areas in which Enel Green Power has invested.

The model was applied to a sample of 23 projects, out of a total of 168 projects, finding shared value creation of €28.3 million.



(1) Net Present Value is the sum of all discounted cash flows, which measure the social and business impacts generated by the projects over a specified period of time. The figure was calculated for 23 projects.



Since its inception, the Enel Green Power's CSV model has continued to evolve in order to include tools that can help in the planning, implementation and monitoring of the entire process of creating shared value.

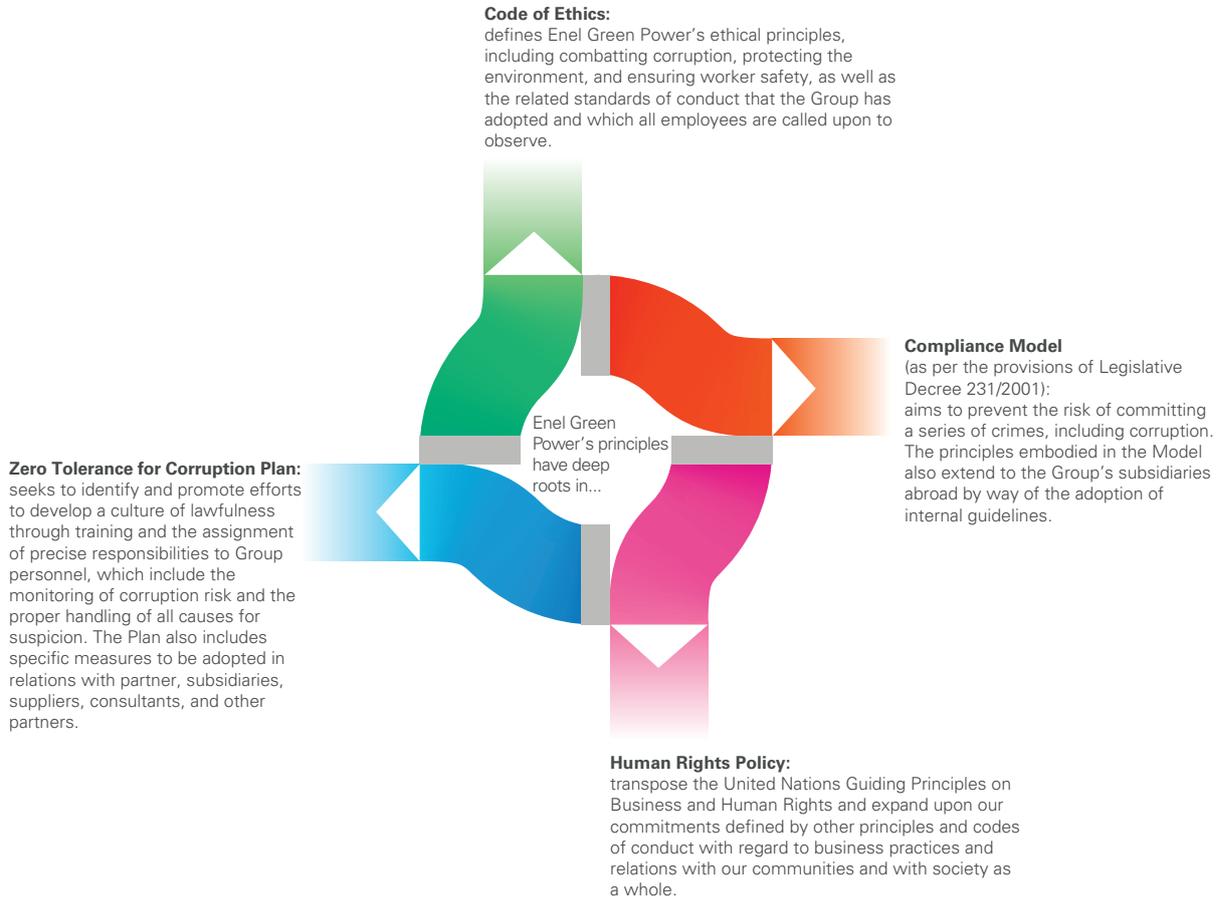
In 2015 in particular, these efforts focused on implementation of a working plan for the actual integration of the model in business processes throughout the organization.

Governance and ethics

Principles of conduct

The corporate culture of Enel Green Power is inspired by key ethical principles that are embodied in integrated policies

common to the entire Group and which are to be applied not only by the company, but also by partners, collaborators, and all parties within the organization or who have other relations with the Group.



Enel Green Power is on the front lines in the prevention of corruption around the world. In addition to our internal procedures, we are also a member of the Partnership Against Corruption Initiative (PACI) sponsored by the World Economic Forum.

Systems of monitoring and control have been established within the Group to ensure the effective management of risk by all areas of the organization within the scope of their

respective responsibilities. In addition, the Audit Function conducts periodic risk-assessment audits with the goal of identifying and assessing any inherent or residual risk associated with our business processes. One aim of these efforts to assess and oversee corruption risk, which fall within the scope of the Group's broader risk-assessment process, is to prepare an audit plan that focuses auditing efforts on the processes at the greatest risk.



Enel Green Power is a participant in the Global Compact, an action program sponsored by the United Nations to create a global economy that is respectful of human rights, the fight against corruption, labour and safeguarding the environment.

Stakeholder feedback in managing the system of internal controls

Enel Green Power’s internal and external stakeholders are able to provide information concerning potential violations and other conduct or practices that are not in line with our fundamental principles of ethics through a range of dedicated channels. Enel Green Power’s Audit Function, with the support of the affected corporate Functions, analyzes violations and performs the necessary investigations to ascertain whether the reported violations actually occurred, to identify any deficiencies in internal processes, and to take action to ensure the adequacy of the system of internal controls. Throughout this process, the confidentiality of those reporting the information is always ensured.

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.

In 2015, we also implemented a new reporting channel throughout the Group, which is to be made active beginning in February 2016.

Training in the adoption of our principles of conduct

All members of the Group are informed of the policies of conduct by way of specific training that promotes the dissemination of these principles of ethics among all employees and collaborators. 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 contents.

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.

By way of this annual report, and in line with our approach to integrating sustainability within our business, the Enel Green Power Group has undertaken a shift towards integrated reporting to describe all resources that support the Group’s business model and contribute to the creation of shared value. For this reason, the section concerning our sustainability performance has been divided into chapters in line with the recommendations of the International <IR> Framework published in December 2013 by the International Integrated Reporting Council (IIRC).

Enel Green Power’s long-term process of value creation includes the following combination of forms of capital:

Financial Capital	Investments, revenues, and sources of funding that contribute to our business of generating power from renewable sources
Productive Capital	Production facilities and relations with our business partners (vendors and contractors) organized with the goal of contributing to the pursuit of strategic objectives
Intellectual Capital	The intangible assets that create competitive advantage for the Enel Green Power Group (Innovation, Research & Development)
Human Capital	Skills, knowledge, and relationships within the Enel Green Power Group
Natural Capital	The natural resources that enable us to conduct the Group’s business and the tools and mechanisms for managing environmental impact throughout the value chain
Social and Relationship Capital	Relationships that the Group maintains with the local communities in which we operate and our ability to share information in order to create shared value

Financial capital

Financial capital describes investments, revenues, and other sources of funding that contribute to our business of generating power from renewable sources.

Financial soundness and long-term sustainability



Socially Responsible Investment (SRI)

As stakeholders, investors play a central role in influencing company policies. Over the last decade, despite the high degree of uncertainty in international finance and the related volatility of the stock markets, we have seen constant growth in socially responsible investment (SRI). In recent years, both analysts and investors have shown increasing interest in supplementing their financial analyses with non-financial parameters in order to evaluate businesses more thoroughly.

These parameters measure performance in environmental, social and corporate governance (ESG) and the impact this has on positively influencing the business and contributing to the creation of value.

In 2015, Enel Green Power confirmed the company's presence on the leading international ethical indexes, including FTSE4Good, Euronext Vigeo, STOXX, ECPI, the MSCI ESG Index, the Ethibel Corporate Social Responsibility Indices, and the Standard Ethics Italian Index.



Our presence on these prestigious indexes is an important confirmation, both for Enel Green Power and for the entire Enel Group – which has also been a part of the leading global sustainability indexes for a number of years – of the efficacy of our policies to promote and develop greater sustainability in environmental, social and corporate governance.

Our inclusion in these indexes testifies to how much our focus on sustainability-centric business strategies are appreciated by the market and is a source of motivation for the entire Group to continue along this path in order to gain access to more markets in the future.

Productive capital

Productive capital includes the production facilities and relations with our business partners (i.e. vendors and contractors), which contribute to achieving our strategic objectives.

10,470 MW
Installed capacity

33.6 TWh
Generated annually

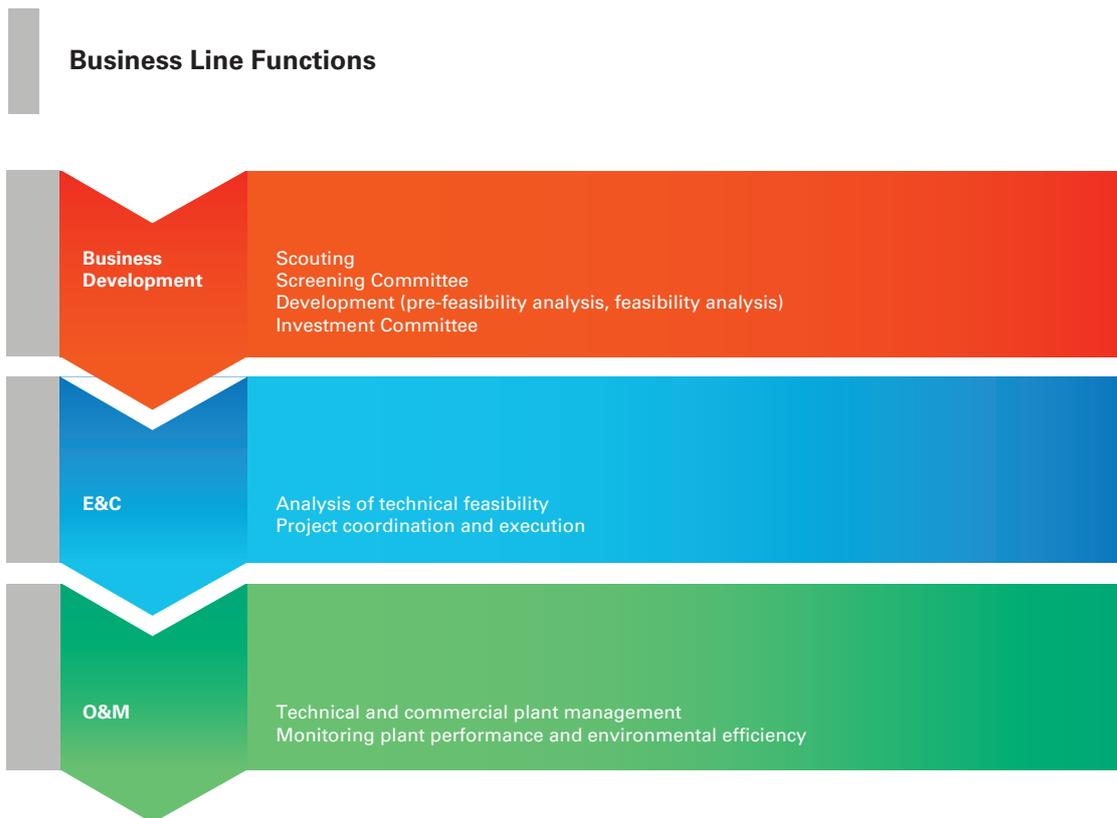
35.2%
Green procurement ⁽⁹⁾

Taking a cross-functional approach to business management, Enel Green Power adopts mechanisms aimed at disseminating an emphasis on creating shared value throughout useful life of our plants.

The Creating Shared Value model has been created with the help of both the various Business Lines (Business Development, Engineering & Construction, Operation & Maintenance) and staff Functions (Safety, Environment & Quality,

Procurement, Audits, etc.).

Implementation of the model calls for the proper identification of the degree of maturity of issues within the various Functions and the adoption of a cross-functional approach in order to prevent an excessively “vertical” view from resulting in a loss of continuity and long-term vision in the application of tools and mechanisms and in the definition of CSV actions throughout the value chain.



⁽⁹⁾ Refers to “green” procurement contracts in Italy.

As described in the section “Creating Shared Value”, along the entire value chain Enel Green Power’s *modus operandi* centers around the proper management of all external consequences of our operations and monitoring the manner in which they affect our stakeholders.

Right from the phase of project authorization, Business Development, with the help of the other Functions involved, assesses the potential environmental impact of the plant and the effect the plant will have on the local communities concerned. When necessary, this involves the help of external consultants and meetings with local residents and other stakeholders of the project.

Engineering & Construction assesses each project for the purpose of managing and optimizing health and safety and its impact on environmental, social and corporate governance. In fact, mitigation of the plant’s impact drives each project in a manner that achieves harmony in business needs and sustainability.

Finally, the O&M Function, as described above, handles the stage that features the greatest opportunities for socio-economic growth for the local communities in the form of employment and the involvement of local businesses as out-sourcers for services of plant operation and maintenance.

All of our facilities are constructed in accordance with local laws and regulations and with the standards of best practice in order to minimize their potential impact on the local communities. Plant, machinery and equipment are systematically controlled and periodically maintained throughout their useful lives in order to ensure they function properly in accordance with applicable laws and regulations and with the procedures of Enel Green Power.

Plants, energy and environmental impact

Mini-hydro plants produce minimal impact and provide energy without emitting particulate matter, greenhouse gases, heat or other pollutants, thereby helping to reduce both local pollution levels and global warming. It is a source of energy that is considered to be essential to achieving European targets for reducing climate-changing emissions through the greater use of renewable energy.

Our facilities

Enel Green Power generates energy using the leading renewable sources and a broad portfolio of wind farms and hydroelectric, geothermal, solar and biomass plants.

World

Total installed capacity: 10,470 MW
Total plants in service: 713



Our facilities also feature safety devices and warning systems in order to handle any system anomalies or malfunctions, as well as protective barriers to prevent unauthorized access.

Assessments of risks in production processes and the consequent preventive and protective measures defined to control such risks are both periodically updated in order to ensure the health and safety of our employees, of other collaborators, and of the communities in which we operate.

Generally speaking, in order to ensure observance of the established limits, the following environmental aspects of each plant are monitored: atmospheric emissions (greenhouse gases, particles, vapors, aerosols, and other pollutants); groundwater discharges; waste production, recycling, reuse and disposal; land use and contamination; physical agents (noise, vibration, dust, etc.); impact of accidents and other emergencies; natural and biological impact (biodiversity and similar).

Vendor management

With a view to creating shared value, Enel Green Power also takes account of the development opportunities there may be in the economies in which we operate as a part of operating our plants. Investing in the development and growth of local businesses can contribute to building and strengthening partnerships with those firms, which can themselves expand while participating in realizing the Group's business objectives. This sustainable approach helps to improve both the working process and our relationship with the community.

Development and use of local business in the Istmo region (Mexico)

Since 2012, the year in which the plants in Stipa Nayaa and Zopilopan, in Oaxaca, Mexico, began operations, Enel Green Power has provided opportunities for O&M work several local businesses, promoting their development and contributing to the social and economic engagement of some 50 households in the State of Oaxaca. These local businesses have been involved in basic plant maintenance and in other general services (e.g. security, potable water services, road maintenance, and on-site construction work).

In relations with vendors, Enel Green Power follows the general contract conditions of the Enel Group, which govern contractual relations between the companies of the Enel Group and our contractors as concerns the purchase of materials, equipment, and services and also require observance of the principles defined in the Code of Ethics, the Zero Tolerance Plan, the 231/2001 Compliance Model, and the principles of the Global Compact on human rights.

Service and provision contracts are granted in accordance with prevailing legislation and with the principles of cost-effectiveness, fairness, competitiveness, and disclosure and following procurement procedures that ensure the utmost transparency, objectivity, and equality of treatment to all participating firms. Specific standards of sustainability are also called for within the scope of qualification procedures, the selection of providers, the contract clauses, and the

procedures for verifying the work of vendors.

The general contract conditions governing the vendor relationship also call for the adoption of preventive measures and other measures needed in order to ensure that the contractor protects the environment, while also requiring that the following ethics-related clauses be agreed to:

- > the Global Compact clause, by which vendors undertake to observe the principles of the Global Compact as concerns human rights, labor, environmental protection, and combatting corruption, as well as to ensure that all activities conducted by their own employees or by sub-contractors are in line with these principles;
- > the anti-corruption clause, which requires vendors to be aware of Enel's commitments in combatting corruption and to assume the obligation not to make any unlawful promises or make or accept illegal payments as part of execution of the contract on behalf the Group or to the benefit of its employees, any violations of which grant the Group the right to terminate the contract and demand damages;
- > the clauses concerning the respect of human rights, which are included in all contractor agreements and service contracts and prohibit the use of child or other forced labor, allow the right to unionize, prohibit discrimination, and require vendors to observe the obligations of safety and environmental protection;
- > for contracts signed in Italy, the clause referencing the Lawfulness Protocol, which requires that vendors respect the provisions of the framework protocol between Enel and Italy's Interior Ministry against the infiltration of organized crime and to ensure observance of the law;
- > the clauses concerning worker health and safety, which also establish sanctions for violation of laws and regulations regarding the safeguarding of health and safety in the workplace. For any contractor violations of the obligations of health and safety in the workplace, the Enel Group has the right to assess fines proportionate to the seriousness of the violation.

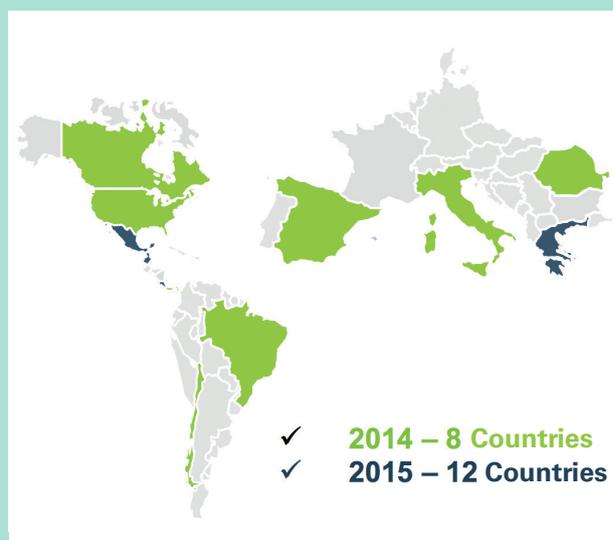
In addition, in contexts of particularly great environmental interest, we have also defined specific clauses of environmental respect and protection, complete with sanctions similar to those that apply to violations of health and safety clauses.

In order to ensure that vendors and contractors observe specific ethical and social obligations, the Enel Green Power Group conducts targeted audits of their sites of production and operations and at the facilities in which they

Vendor Rating

Enel Green Power uses a rating system to assess the performance of our vendors that operate in certain segments. This system is based on parameters such as service **quality**, **timeliness**, insurance of **safety**, protection of the **environment**, integrity before and during contract execution, and respect for **human rights**.

From 2014 to the first half of 2015, the number of vendors rated has increased **39%** (from 243 to 338), and the proportion of vendors with a rating index of greater than 70 (out of 100) has risen from 72% to 74%.



carry out their work or provide their service. These audits are carried out by the Line Functions with the help of the Audits unit, and the related contracts define sanctions for violations that range from penalties to contract termination.

Enel Green Power has prepared a green-procurement plan, which establishes specific environmental requirements for a number of procurement categories with the goal of acquiring the products and services that best respect the environment. This attention to protecting the environment is also reflected in the decisions made throughout operations, such as in avoiding the use of photovoltaic panels containing toxic substances, such as cadmium telluride, or in properly disposing of photovoltaic panels as a standard part of the organization's processes. In 2015, 35.2% of all procurement contracts in Italy were "green".

In other efforts to pursue environmental sustainability, the Group also encourages vendors to adopt digital processes for vendor qualification/registration, managing the tender process, and issuing contracts as a means of reducing the use of paper.

In 2015, 13.4% of all contract tenders were handled online. In Italy, nearly all contracts are signed digitally by the Enel Green Power legal affairs office in compliance with Italian law.

Safety throughout the supply chain

One of the prerequisites of the agreement between Enel Green Power and the contractors and subcontractors involved in plant construction is the observance of specific standards of health, safety and environmental protection as described in the Group's "HSE Requirements E&C" document. Contractors and subcontractors are required to respect these requirements during the design phase as well as to develop adequate documentation, list the costs of the health and safety measures involved in managing the work-site safely, and promote best practice in environmental management.

Once a plant is operational, the Operation & Maintenance Function actively collaborates with the Health, Safety, Environment & Quality Function in order to constantly improve plant safety and work towards the goal of zero injuries. The Function also sees to all the in-house communication efforts aimed at disseminating, to personnel around the world, the best practices and procedures needed to achieve the health, safety, environment and quality goals.

The project "Safety & Environment in Procurement" includes a preliminary questionnaire given to suppliers applying to take part in tenders. This questionnaire, which varies

depending on whether the work concerned falls under E&C or O&M, consists of up to 13 questions aimed at understanding trends in the main injury indexes (including near misses) and the applicants' record in safety management, correlating these factors with the vendor's specific experience in the field, their knowledge of local laws and regulations, and their procedures for managing and training the personnel involved. The questions to be answered by vendors also concern the adoption and observance of safety and environmental procedures, their possession of certifications in occupational health and safety management or in environmental management, their implementation of safety and environmental training programs, and the condition of the equipment to be used on the worksite, all of which is to be backed by appropriate support documentation. Once the completed questionnaires have been submitted and any related interviews have been conducted, the vendors are evaluated by the Health, Safety, Environment & Quality Function, which uses interviews and a predefined scoring system to select the vendors to be admitted to the bid-evaluation phase. This information, which comes from all over the world, is kept in a centralized database.

Compliance with the representations made during the tender process is verified through routine checks of the contractors and random audits known as "Extra Checking On Site" (ECOS). Once their work is complete, a post-work assessment is conducted for the particularly complex or at-risk projects in order to obtain an overview of the contractor's performance in terms of health, safety, and the environment. This assessment is conducted by the local team that performed the activities together with the central team managing the database, which handles updating the database and sharing any information needed.

In order to promote and strengthen our culture of health and safety in the workplace, in 2015 Enel continued implementation of the "One Safety" project devoted to promoting safe conduct both by employees of the Group and by the personnel of our contractors. The purpose of this project is to reinforce the culture of safety with companies through the observation of the conduct of the employees of these companies and of any subcontractors in the provision of services in order to support and promote the adoption of safe conduct and to correct any situations at risk.

The constructive, not "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.

Enel awards contractors that successfully implement the "One Safety" project a series of benefits in contract terms and conditions, including a 20% reduction in the cost of contract guarantees (where applicable) and a bonus for their vendor rating.

Integrated approach to health, safety, the environment and quality

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

As a part of this commitment, the Group has adopted an **Integrated Health, Safety, Environment & Quality Management System**.

The quality of this system has been certified by the most reputable international organizations in the fields of health, safety, the environment, and quality. As the Group has extended its reach into other countries, the level of coverage of these certifications is 98% for health, safety and the environment and 70% for quality.

As declared in Enel Green Power policies, the Integrated Management System aims to achieve the following objectives:

- > develop, through adequate information and training programs, the skills of employees in order to raise awareness and sense of responsibility 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 results;
- > construct, operate and maintain plant based on the best practices and technologies available and in line with established costs and timeframes, while integrating issues of occupational health and safety and environmental protection into ordinary operations and decision-making processes;
- > take all necessary action to eliminate risks to occupational health and safety to avoid or reduce environmental impact through ongoing assessment of dangers and to prevent accidents and injury, while monitoring materials used, waste generated, and compliance with established operating procedures;
- > accurately select vendors and contractors and harmoniously promote their engagement in reaching the Group's quality, safety and environmental objectives;

- > developing the skill and engagement of all collaborators and facilitate ongoing improvement;
- > seek, through the achievement of company objectives, to satisfy both customers and all other stakeholders;
- > promote and support open dialogue with the organizations and the community on the impact of the Group's activities on both the environment and the communities themselves in order to encourage protection and en-

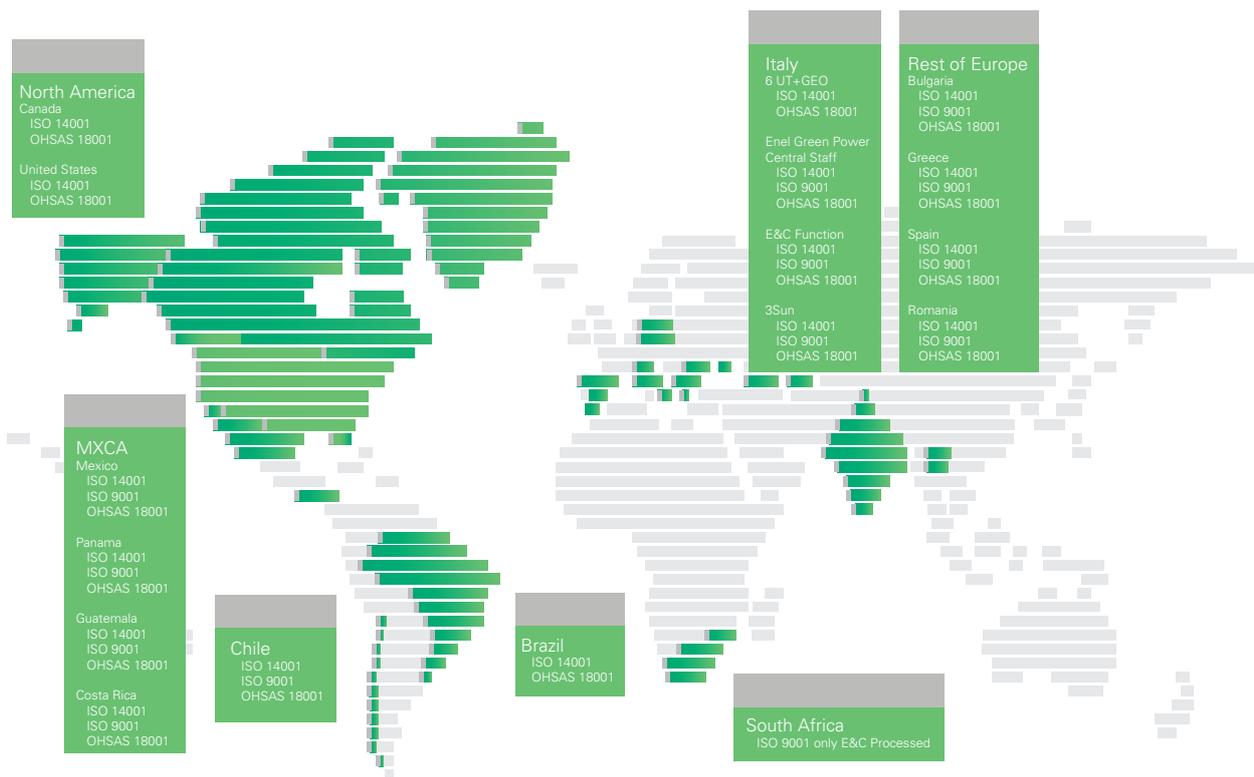
hancement programs aimed at improving internal and external health and safety.

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.

Objective	Line of action
1. Application and maintenance of an Integrated Health, Safety & Environment management system	Maintenance of ISO 14001:2004 and OSHAS 18001:2007 certification Extension of certifications to new projects
2. Optimal integration of plants in the environment and protection of biodiversity	Initiatives in protected areas
	Campaigns/monitoring
	Mitigating visual impact
3. Reduction of environmental impact using Best Available Techniques (BAT)	Environmental impact assessment when building or significantly altering a plant
	Promoting the use of non-polluting substances
	Asbestos and PCB surveying to assess the need for removal or reclamation
4. Low-emission power generation / Leadership in renewables	Control and monitoring systems
	Expanding the generation of renewable energy
5. Efficient use of water resources and of raw materials	Monitoring the consumption of raw materials
	Plant efficiency (using better performing components and/or processes, reducing consumption for auxiliary services)
6. Optimal management of waste water and other waste	More efficient water management
	In-house recycling of water for industrial use
	Protection, monitoring and reclamation of the quality of surface water, soil and subsoil in the areas surrounding the plants and work sites
	Reduction in the production of waste
	Increasing the percentage of waste recovered
	Selection and qualification of waste-management providers
	Use of information systems for waste tracking
7. Internal and external communication	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
	In-house involvement
8. Training and awareness	Training programs and initiatives
9. Contractors	Use of qualification parameters to select contractors based on safety and environmental performance
	Awareness efforts
	Organizational and procedural actions
10. Safety	Accident prevention
	Plant improvements
	Procedural changes

The table below shows the level of coverage of the ISO 14001:2004 (environment), BS OHSAS 18001:2007 (health and safety), and ISO 9001:2008 (quality) certifications for

the Group's facilities, for the central line and staff functions, and for all nations in which the Group operates.



Culture of safety and prevention

Observance of the highest standards in the health and safety of our employees and for all who work for the Group is an operational issue of the utmost importance to Enel Green Power. The Group adopts and actively promotes the policies and procedures of the Enel Group as concern occupational health and safety for the dual purpose of disseminating and strengthening our culture of safety and of reducing the number of injuries.

In 2015, we spent a total of over €65 million on health and safety measures, corresponding to a cost of about €17 thousand per employee ⁽¹⁰⁾.

No serious or fatal injuries occurred during the year involving Enel Green Power personnel, although there was one serious injury to an employee of one of our 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 2016, risk assessment, prevention and monitoring remain of primary importance for the Group, as do programs aimed at height-

ening the awareness of Group and contractor employees. The local Health, Safety, Environment & Quality units assess the health and safety risks to the employees related both to work-related activities and production processes and to the actual plants and workplaces. This assessment then makes it possible to identify the most appropriate preventive measures to eliminate or reduce risk (including personal and other protective equipment to use), to set action priorities, and to plan the measures needed to improve safety over time. In order to verify the performance of the Integrated Quality, Safety and Environmental Management System for the entire 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 Enel Green Power'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. We also conducted 68 ECOS audits throughout the Group. These audits are done by expert personnel in order to analyze the safety and environmental standards and to disseminate this knowledge throughout the Group. In 2015, these audits involved both worksites for future plants and currently operating plants. Particular emphasis was placed on work-

(10) The numbers on health and safety do not include 3Sun.

sites in Brazil, Chile, and South Africa, and throughout Italy generally. The main areas for improvement noted concern the management of the risk of falls from high places and electrocution risk, work permits, the verification of equipment and machinery, the management of contractor employees, and access control.

In terms of prevention, we continued working in 2015 on implementation of the project “Design to Safety”, the purpose of which is to improve safety during construction and operation right from worksite and plant design. 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 promoting the dissemination of a “culture of safety” among project engineers.

Health and safety training and awareness initiatives

In 2015, one of the main initiatives launched in order to strengthen our culture of safety and focused primarily on personnel involved in operations was the near-miss campaign aimed at promoting the identification, reporting, and analysis of near-miss events so as to identify any situations at risk, analyze them and correct them with specific actions before they can result in an injury. Doing so is key to increasing our levels of safety. The campaign, which involved the production of a range of promotional materials (e.g. videos, pamphlets, newsletters, etc.), achieved encouraging results. In 2015, as many as 255 near misses were reported, an increase of over 400% compared with the number reported in 2014 (just 47). The most significant near misses were analyzed and their causes identified in order to define and implement corrective action to prevent similar events in the future. Much like the procedures followed for injuries, the analyses and lessons learned from near misses are disseminated throughout Enel Green Power by way of a variety of channels, including the digital newsletter, articles on the portals of the E&C and O&M Functions, and in-person meetings. All Enel Green Power countries and Functions played an active role in reaching this important objective.

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.

One of the most important initiatives launched in 2015 was the health, safety and environment training program for management aimed at strengthening safety leadership among senior and middle management and enhancing their knowledge and technical skills. In all countries, both management and operations personnel attended technical training courses, such as the course on descending a wind turbine generator (WTG), the course on electrocution risk or the management of environmental incidents, or other prevention initiatives such as training on the use of a defibrillator.

These 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 new hires, training programs focus on the risks to which they will be exposed in their new positions and on prevention efforts based on the company function to which they belong. In 2015 in Italy, the project “Involve Yourself in HSEQ (Health, Safety, Environment & Quality)” was launched. This project was designed for staff functions and aims to provide them, right from their entrance into the company, with knowledge and key competencies in health, safety, the environment, and quality they will need throughout their careers.

“Involve Yourself in Health, Safety, Environment and Quality”

In 2015, the initiative “Involve Yourself in Health, Safety, Environment and Quality” continued and was extended to new hires. New content was also added related to quality and the environment. The initiative involves a five-month engagement program with Enel Green Power that will be continuing in 2016 in order to further develop and disseminate the concept of safety in the workplace as an integral part of our business, together with issues related to the environment, quality, and occupational health.

Also in 2015, a great deal of emphasis was placed on training on emerging risks, such as health and safety risks when traveling abroad, including specific seminars for frequent travelers, which focused, in particular, on infectious diseases and the main preventive measures and treatments available.

Finally, a great deal of attention was paid to issues of road safety, including on-track driving courses in all countries and the launch of a global promotional campaign aimed at increasing employee awareness of how to behave behind the wheel, with a specific focus on the risks of distraction and of underestimating the road and weather conditions.

Analysis of safety-related events

Reported safety-related events (i.e. injuries, first aid, and near misses) are constantly analyzed in order to determine their causes. This process then helps to define preventive measures and to share best practices and other related information.

In order to share this information and any common solutions among the various areas, detailed reports describing these safety-related events and bulletins of lessons learned 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 for 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.

As a means of enhancing existing procedures, the E&C and O&M Knowledge Portals are constantly updated with documents, news and information for all levels and all areas in which we have a presence. The Knowledge Portal helps to disseminate reports as effectively as possible and enhances the dissemination of information and best practices, thereby strengthening potential synergies with the line functions 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, the following key performance indicators (KPIs) are periodically monitored:

- > leading, or “upstream”, KPIs, which measure the preventive measures implemented in order to reduce injuries (e.g. number of One Safety observations during the peri-

od, number of improvement plans defined in the Personalized One Safety meetings, etc.);

- > trailing, or “downstream”, KPIs (e.g. number of near misses in a given period, injury-frequency index, etc.), which measure results achieved after action has been taken.

Other initiatives to promote our culture of safety

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.

In June of this year, we held the 7th edition of International Health and Safety Week as an opportunity for the entire Enel Group to reflect on issues of health and safety with the help of over 600 organized activities.

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 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.

October 27, 2015 was declared to be “Stop Work Day” at all Enel Green Power construction sites around the world. On this day, workers paused for one hour at the start of the day in order to reflect together on the issue of safety in the workplace. The purpose of this initiative was for everyone involved in our operations to turn their attention to the importance of working safely, because it is only by acting responsibly and respecting procedures that we can achieve our goal of zero injuries. Safety is a crucial value for the Enel Group: Safety First.

The work-related stress survey (Legislative Decree 81/2008)

In 2015 in Italy, we repeated the **work-related stress survey** with the goal of assessing the risk of stress within the organization in order to prevent, reduce and manage psychosocial risks and to improve working conditions generally. The survey, which is to be completed in the first quarter of 2016, has been conducted with the help of outside experts in occupational psychology and has involved key personnel within the company involved in health and safety in the workplace (employers, physicians, worker safety representatives, etc.), as well as a random sampling of employees, with data being gathered through both an anonymous questionnaire and an open question-and-answer session. An analysis of the results will enable us to update the previous assessment of work-related stress conducted in 2011-2012 and to make recommendations concerning any critical issues found.

Intellectual capital

Intellectual capital includes those intangible assets that create competitive advantage for the Enel Green Power Group (innovation, research and development).

19
Innovation partnerships

39
Projects launched and managed by the Innovation Function

€12.06 million
Investment in innovation

For Enel Green Power, innovation is one of the cornerstones of our pursuit of the goal of sustainable growth for the Group and of the creation of shared value.

Consistent with our "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.

Successes in this regard would most certainly include the over 100 proposals received throughout the year on our crowdsourcing platform (available through the company's web site), which enables anyone interested to share innovative proposals and ideas. In addition, in 2015 130 proposals were received for the Innovation Competition, which saw participants from around the world pitting their innovative solutions against each other in a range of areas selected by the company.

Our approach to innovation

In 2015, Enel Green Power spent about €12 million on innovation for development and operational testing of innovative technologies. One-fifth of this amount was allocated to medium/long-term research. For the period 2016-2020, the commitment for these initiatives is expected to be around €130 million.

During the year, the Group's innovation efforts focused on the following areas:

Improve the performance of technology

Use new renewable resources

Develop renewable energy in urban settings

Within the scope of technologies which Enel Green Power has traditionally used, the Group intends to increase the availability of electricity through the combined use of diversified power-generation technologies and the use of electro-chemical energy storage systems in order to create systems that are not connected to the grid.

Enel Green Power is also very much interested in focusing on the use of renewable sources of energy in urban settings by using smaller-scale, low-visual-impact systems, such as advanced wind generators and small-scale thermodynamic solar power systems, which can be integrated more easily into the existing architectural surroundings.

Finally, the Group is committed to developing the use of new renewable resources that are currently not being exploited, with a particular emphasis on wave energy and high-altitude wind energy.

Partnership and collaboration

The primary partnerships and collaborations of Enel Green Power involve public bodies, academia, research centers, startups, and established corporations that can contribute to overcoming the technological challenges of our industry in order to share ideas and technologies and to promote co-investment whenever possible.

In 2015, Enel Green Power's Innovation Function received and analyzed about 500 innovative projects through the scouting channel, which were submitted by those within the Enel Group and from outside the Group. We also moved forward during the year with a project to evaluate a number of highly innovative Israeli companies and established several agreements aimed at testing new technologies, particularly in the photovoltaic segment.

At the same time, Enel Green Power is involved in numerous projects undertaken in synergy with other companies of the Enel Group. One such example is INCENSE (INternet Cleantech ENablers Spark), an accelerator for European and Israeli clean-technology companies supported by the

European Commission through the FIWARE program and coordinated by Enel. The goal of this accelerator is to promote innovation in the energy industry and growth in tech jobs by developing products and services related to green technologies. The first INCENSE tender was completed in the first half of 2015, with each of the 14 winning startups being awarded grants in the amount of €150,000. Enel Green Power participated in the initiative and entered into direct collaborations, including together with other Group companies, with a number of the winning startups.

In academia in 2015, Enel Green Power renewed its collaboration with the Fulbright BEST (Business Exchange and Student Training) program, which is sponsored by the U.S. Embassy to Rome and targeted at young researchers in a variety of fields, including energy and green technologies. In Latin America, in order to facilitate the development of technical skills locally, Enel Green Power is providing scholarships aimed at training locals alongside teams of Enel Green Power experts.

Enel Green Power is also working with a number of Italian universities to support specialization programs in areas such as reporting, sustainability, and creating shared value and to help university students to complete their studies in these fields.

Leading innovation projects

In 2015, Enel Green Power continued working on projects launched in previous years, while also launching new, highly innovative projects in each technology segment in which the Group operates.

In the field of wave energy, Enel Green Power has entered into a number of partnerships with Italian and international startups, which have led to the development and implementation of new technologies to exploit wave energy. One example, in particular, is the agreement with Wave for Energy to take part in testing of this company's wave-energy converter currently operating off the coast of Pantelleria.

MERIC - Marine Energy Research and Innovation Center (Chile)

In 2014, Energia Marina, a Chilean shareholding of Enel Green Power Chile, was awarded the contract to construct the Marine Energy Research and Innovation Center (MERIC).

MERIC's objective is to conduct research and development in technologies that use marine energy, and the center is supported by a range of local organizations and public bodies (including foundations, schools, research centers, and Chilectra and Endesa Chile, both of which are members of the Enel Group).

In 2015, financing was obtained for the project committing CORFO (*Corporación de Fomento de la Producción*) to pay out a total contribution of about €8 million to Energia Marina over the course of the eight years of the project.

In the area of wind energy, we are currently evaluating both new technologies to exploit high-altitude wind energy and small-wind applications. As concerns small wind in particular, we are continuing to collaborate with Renzo Piano Building Workshop and with the other industrial partners selected to develop and certify the "Libella" wind turbine designed by Renzo Piano, the architect, to have a lower environmental impact than current technologies.

Energy storage was another area of great importance in 2015. Through partnership agreements with international leaders in the field, Enel Green Power has installed two different integrated storage systems, one at a wind farm in Potenza and one at a photovoltaic plant in Catania. The purpose of these projects is to test advanced energy management functions in order to minimize intermittence and maximize the use of the existing connections, and they join the currently operating system in the Chilean village of Ollagüe, where there is an electro-chemical energy storage system with a hybrid photovoltaic-wind-thermodynamic, off-grid generation plant, which is proving highly successful at providing the village with a constant supply of electricity while also being able to cover about 85% of the needs of its inhabitants through the generation of renewable energy.

In 2015, energy storage played an important role for Enel Green Power in the field of home energy with the signing of a partnership agreement with Tesla for the testing and subsequent commercial development of a residential storage system for the retail market in South Africa. Residential storage systems enable consumers to store self-generated energy (such as with a photovoltaic system) in their own battery for subsequent use in the home when not on the grid or in the event of a blackout.

In the field of solar energy in 2015, we began constructing the world's first system with double-sided solar panels and distributed electronics. This summer, the innovative hybrid plant in Stillwater, Nevada (USA) – owned by Enel Green Power – also became fully operational. At this plant, the only one like it in the world, photovoltaic and thermal power help to increase the performance of the existing geothermal plant.

Also in 2015 and in the field of geothermal energy, work began on the preliminary stage of the Descramble project, which calls for the development of a well in super-critical geophysical conditions in order to extract high-enthalpy geothermal steam to fuel new plants, while taking the existing Venelle 2 well (in the Larderello geothermal area) to a depth of over 3 km. This project, funded by the European Union through the Horizon 2020 program, is being developed by an international consortium led by Enel Green Power and which includes CNR, three German universities – Aachen, Freiberg and Kiel – and two Norwegian firms, SINTEF PR and SINTEF ICT.

During the year, work continued within the scope of the relationship begun in 2012, in Italy, with TIS - Innovation Park and the Innovation Department of the Autonomous Province of Bolzano in order to assess the performance of the Trinum "pocket-sized" thermal solar plant, which is able to generate both electricity and thermal energy at the same time. Two of these systems have been installed and connected to the local grid in Bolzano and are being monitored remotely. During the year, two Trinum systems were also installed and connected to the micro-grid for the village of Ollagüe, Chile, and these systems will be monitored remotely in 2016 after completion of the remote-monitoring system.

Awards received for our commitment to innovation

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 award for Best Sustainable Business 2015 in Chile in recognition of Enel Green Power's innovation and sustainability in that country and at the Ollagüe (Antofagasta) plant in particular, which had already awarded Innovation of the Year by the Chilean International Renewable Energy Congress, as well as the 2015 GEA Honors award by the US Geothermal Energy Association for the Stillwater hybrid plant owned by Enel Green Power North America, the first company in the world to unite geothermal and solar energy.

Human capital

Human capital is the set of skills, knowledge and relationships within the Enel Green Power Group.

Our people

161,000 hours
Training

39.7 years
Average age

+23.5%
Women in the workforce
from 2014 to 2015

The Enel Green Power Group is constantly committed to the development of our human resources in order to support the competitive advantage of our organization and reach our business goals.

Enel Green Power intends to pursue the following objectives in order to direct our investments in people development and to guide structured growth:

- > to attract, hire and develop talented, capable individuals;
- > to provide the right tools and mechanisms to select and train employees ready to take on new career challenges;
- > to enhance international mobility and promote the sharing of experiences;
- > to increase specific know-how and professional skills in order to enhance performance quality;
- > to make people feel they play an active role in their professional development;
- > to give people a greater sense of belonging and engagement in the organization;
- > to support individual wellbeing.

As of December 31, 2015, the Group employed 4,309 people (3,609 in 2014), of whom 2,090 in Italy and 2,219 abroad.

Organization

In 2015, Enel Green Power updated the organization model to support both growth worldwide and the sustainable management of our core business and the Group's commitment to the generation of renewable energy by way of five different technologies (i.e. hydroelectric, solar, biomass, geothermal, and wind energy) and in 16 countries.

The implementation of a global business model that also respects the local communities enables us to design and pursue a range of strategies in our various areas of business. This organization has required that we define a flexible structure in order to optimize the operations of the various Functions while balancing synergies and enhancing coordination between the various levels of operations.

As in 2014, Enel Green Power's organization remains structured by:

- > **Areas of Business** in the local markets, which develop and maintain relations with government and stakeholders, ensure financial stability, and manage power-generation activities within the scope of their respective fields;
- > **Line Functions** (i.e. Business Development, Engineering & Construction, Operations & Maintenance), which develop, construct, operate and maintain plants in accordance

with health, safety, environmental and quality laws, regulations and standards.

- > **Staff and Service Functions**, which handle corporate governance and provide business-support services.

During the year, in addition to creating a new Sub-Saharan Africa & Asia area of business in order to ensure geographic consistency and broaden our range of action in countries of new investment, we also reorganized the External Relations and Regulatory Affairs Staff Functions so that they fall under the various areas/countries, rather than being managed at the corporate level. This change has enabled us to simplify the top-level organization model and reduce the levels of management within the Group. In accordance with this new organization, the previous External Relations function has been renamed "Communications" and continues to report directly to the CEO.

Training and development

The human resources management and development system of the Enel Green Power Group seeks to find the right people for key positions within the organization and to develop talent based on an individual's own professional and motivational traits.

The Group places particular emphasis on recruiting and selection efforts, which aim to assess both the technical and personal characteristics of the various candidates and the impact they can have in the organization with a view to development and the achievement of the performance objectives of the various areas of the organization.

Top Employer

In 2015, Enel Green Power Brazil was named one of the **150 Best Companies to Work For** by Guia VOCE S/A Brasil and was also named the Best Company to Work For in Rio de Janeiro by *Portal da Associação Brasileira dos Profissionais de Recursos Humano* and by the newspaper Globo.

The Enel Group made the list of **Top Employers Italia 2015**, certifying that the Group offers high standards in working conditions and values and develops talent at various levels of the organization, while also demonstrating our leadership in human resources.

Training efforts within the Group seek to develop the knowledge and skills of the various members of our workforce. Investment in training and development focuses on the following key areas in line with our plans for future growth:

- > "Global integration" in order to enhance the ability to think globally and act locally, operating in respect of the needs of the local community in concert with the rest of the organization.

In 2015, various integration initiatives were carried out, particularly for the Engineering & Construction Function, including the international workshops of the construction and electrical fields and workshop for the Logistics & Expediting unit, Hydroelectric Engineering, and Contract Management.

- > "Synergy and teambuilding" in order to strengthen synergies and the ability to work in teams while developing the ability to reach goals flexibly, adapting to the needs and opportunities of the context at hand.

During the year, in order to promote and strengthen collaboration between employees, teambuilding projects were organized for personnel with the Functions of Regulatory Affairs; Administration, Finance & Control (Europe); and Operation & Management – Hydro, Solar and Wind (Italy).

In order to disseminate knowledge and share best practices between nations, we also implemented a number of specific initiatives, such as the workshop for the Hydro Coordination unit of the Business Development Function, the training of tutors for new hires, the event "Ricominciamo dal conoscerci meglio" (Let's start again by getting to know each other better) for Central Operations & Maintenance, and the induction of the HR Business Partners in Engineering & Construction.

In 2015, we implemented Project Team Mutual Feedback for personnel involved in the project teams dedicated to plant execution with the goal of implementing a transparent process of feedback among team members so as to stimulate ongoing, mutual communication and collaboration.

- > "Specialist training" in order to increase knowledge and skill in relation to our culture of health and safety in the workplace and to promote integration between the various cultures within the Group.

In this regard, a number of safety-training programs for senior management were organized in 2015 in order to increase their safety-related knowledge and skills and their commitment to the culture of safety in the workplace.

In order to teach project management skills to teams in-

volved in projects for renewable-energy plants, work also continued on Project Execution Culture for people who had not yet been involved.

Attraction and development of talent

The Group's success depends on the recognition and development of human capital by supporting, guiding and promoting individual growth in line with our business objectives.

Our strategy of human resources development has the following key objectives:

- > to ensure high standards performance quality;
- > to develop effective leadership in order to support the Group's strategic objectives over time;
- > to develop talent in order to promote continuity in management in key roles within the organization;
- > to see know-how and skill as assets to be developed integrated within the Group;
- > to implement a model of performance management that can promote the achievement of excellence and recognize the best in individual achievement;
- > to support individual wellbeing.

During the year, various local and global initiatives were carried out in order to promote skills training and development. In particular, we completed and implemented the Global Professional System, which is the catalog of technical skills required in each professional family/area. This system envisages various levels of skill based on the level of the organization and makes it possible to gather structured information, over time, on these technical skills in order to guide career-development paths.

In 2015, we completed the Enel Green Power succession plan with selection of the successors either ready or in the pipeline for the top 200 positions within the Group. For each successor in the pipeline, the Human Resources and Organization Function then defined an individual development plan with the goal of promoting professional growth and increasing the talents of high-potential employees.

Within Europe, we launched the project Enel Green Power Development & Mobility in Europe at the end of 2015. The goal of this initiative is individual development within the par-

ticular socio-economic context of European nations through three different mobility programs in response to desires of voluntary exchange and in order to ensure the growth and development of key people of high potential and to promote "compulsory", horizontal change of job positions.

A new global initiative of Enel Green Power was the Hall of Energies, a program aimed at promoting a culture of merit and recognition within the Group by rewarding both individual and team conduct and contributions as nominated and voted on by peers. The program saw widespread participation in all nations and was an important driver of motivation, engagement, and a sense of belonging, while also promoting individual knowledge both generally and, through concrete examples, of the organization's principles and models of conduct.

With regard to new hires in 2015, an induction program was organized in order to ensure a standard method of operations throughout the organization. The topics covered included corporate citizenry, the organization structure, working relationships, and the goals and key competencies of the role at hand.

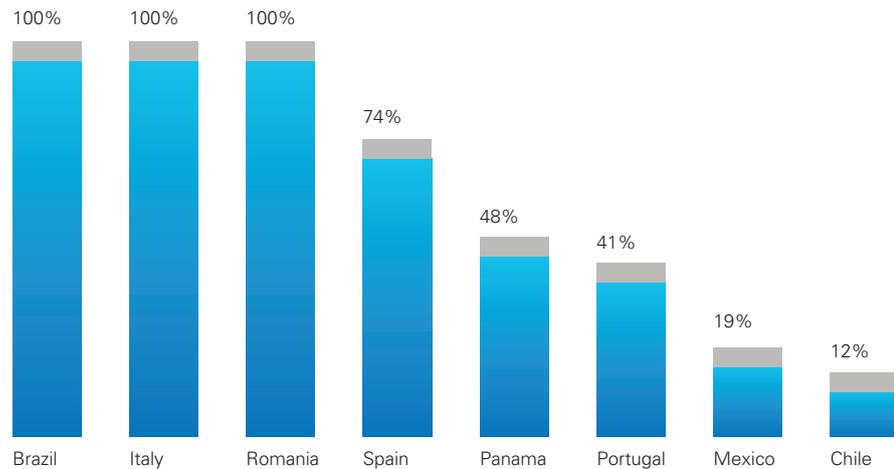
For teams around the world involved in plant execution, we also implemented Project Team Mutual Feedback as a process of transparent communication among team members.

Labor relations

In accordance with international conventions, national 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 our employees to establish or take part in trade unions in order to protect their own interests and to be represented by trade unions or other similar organizations. The Group also recognizes the right to collective bargaining in accordance with applicable legislation in the nations in which we operate. In the event of company decisions that have an impact on employees, such as changes in organization, spin-offs, acquisitions, or the disposal of assets, the Group takes steps to inform the trade unions in a timely manner in order to manage the potential effects of such change on employment relationships.

An average of about 62% of all Enel Green Power Group employees are covered by collective bargaining agreements.

Collective bargaining coverage by country (%)



The Enel Group's Labor Relations Model values and supports bilateral agreements as an approach by which the parties concerned may pursue mutual objectives, working together within the scope of joint bodies in which there can be dialog

within the framework of established rules.

Enel's new bilateral model of participation is structured around a set of committees with responsibilities that encompass all members of the Group operating in Italy.

Bilateral committees

The following Enel Group bilateral committees consist of a variable number of members who are equally distributed between company and trade-union appointments:

- > Economic Scenarios & Energy Market Committee;
- > Training & Employability Committee;
- > Bilateral Committee for Safety Policies & Workplace Protection;
- > Corporate Social Responsibility (CSR) Committee;
- > Company Welfare Committee;
- > National Committee for Equal Opportunity;
- > National Committee for Classification & Conciliation;
- > Regional/local committees (potential subsets of the national committees specified or as autonomous bodies to deal with specific local issues).

With the exception of the Economic Scenarios & Energy Market Committee, which holds ordinary sessions twice each year, the other committees normally meet every three months.

Diversity and equal opportunity

On the issue of human rights and the fight against discrimination, and in line with the conventions of the International Labor Organization, Enel Green Power prohibits any form of discrimination based on race, ethnicity, gender, age, lan-

guage, religious or political beliefs, sexual orientation, or any other form of social discrimination or discrimination based on other personal beliefs or on membership with trade unions.

The Group also undertakes not to employ people below the legal age as determined by the laws and regulations of the place in which the work is to be conducted and will not enter into or maintain relations with vendors that make use of

child labor or that have otherwise been blacklisted by international bodies.

In 2015, Enel Green Power was involved in the global diversity program launched by the Enel Group in order to develop policies and other initiatives to promote diversity and equal opportunities. In order to explore this issue further and assess how diversity is seen within the organization, we have begun gathering feedback from employees around the world through an online survey and the organization of specific fo-

cus groups and interviews with management.

At the same time, we have defined and analyzed a number of goals and indicators that concern diversity and inclusion. The results of this initial round of feedback have confirmed that the issue of managing diversity and inclusion is of the utmost importance to the Group. As such, in order to meet this need, we have drafted and published the global Diversity and Inclusion Policy.

Global Diversity and Inclusion Policy

This policy was defined following a project to analyze the main indicators of diversity and related objectives, which subsequently called for the involvement of some 17,000 employees of the Enel Group in order to better understand how diversity and inclusion are perceived. The policy focuses on the following general principles, within which we have defined initiatives to be implemented in order to close any gaps founds:

NON-DISCRIMINATION

EQUAL OPPORTUNITY AND EQUAL DIGNITY

INCLUSION

WORK-LIFE BALANCE

Focus on our people

In line with this global Diversity and Inclusion Policy, the Enel Green Power Group places a great deal of emphasis on the wellbeing and quality of life of our employees with a view to enhancing work-life balance for all.

The goal of the People Care initiative is to promote individual wellbeing through practical solutions to support the real, day-to-day needs of our employees and to develop a corporate culture based on the values of sharing and mutual support.

The activities organized under the People Care initiative seek to:

- > promote wellbeing and balance between work and personal life;
- > ensure the dissemination of best practices in developing sustainable wellbeing in the workplace;
- > define group-wide People Care guidelines and policies

and monitor implementation and observance.

In line with the provisions of the Enel Group, Enel Green Power also ensures that employees have healthcare.

The non-profit supplemental healthcare fund for employees of the Enel Group, **FISDE**, was established in order to reimburse fund participants for healthcare services received at public or private healthcare facilities, as well as to pursue initiatives of preventive healthcare and other activities aimed at assisting the disabled and others in need of assistance (such as for drug or alcohol addiction or other difficulties coping with today's society).

The fund seeks to benefit its participants in three areas:

- > direct or indirect reimbursement of healthcare expenses;
- > actions aimed at helping the disabled or others in need;
- > initiatives to promote preventive healthcare.

Among efforts to promote work-life balance for new mothers, Enel Green Power continues to support the Parental Program and the project Mamme in Equilibrio

The Parental Program is a project of work-life balance and organizational wellbeing that seeks to help pregnant female employees to better manage everything from reporting their pregnancy to returning to work after maternity leave, all with a view to collaboration and focus on the new importance of family.

Mamme in Equilibrio is an experience-based course for new mothers that seeks to facilitate reflection on individual experiences regarding both pregnancy and returning to work.

Natural capital

Natural capital is the set of (renewable and non-renewable) natural resources that enable the Group to conduct opera-

tions and the mechanisms for managing environmental impact throughout the value chain.

**22.4 million t
CO₂ emissions avoided**

**79%
Waste recovered**

**38,900 m³
Water used in generation**

In the pursuit of our strategic objectives, the Enel Green Power Group defines policies and actions aimed at contributing to the conservation of nature and mitigating the environmental impact of our activities.

Environmental impact

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;
- > solar plants and the use of photovoltaic panels do not entail any significant risks or impact on health. There can be some environmental impact on landscapes, the occupation of land that could be put to other uses (e.g. farming), and the need to dispose of photovoltaic panels at the end of their useful lives;
- > biomass plants have a significant environmental impact related to emissions and the procurement process.

To these specific effects, we can also add more general ones (not limited to one specific technology), such as energy consumption, the production of waste, water consumption, and noise pollution caused by the power generators within the plants. In order to minimize our impact, the Group sets prevention and mitigation strategies both globally and at the local level.

Efforts to mitigate environmental impact

At our geothermal plants, we also specifically measure hydrogen sulfide (H₂S) emissions due to their unpleasant smell, despite being at non-toxic levels, as well as mercury (Hg) due to its high degree of mobility. In this field, Enel Green Power has patented a system to reduce mercury and hydrogen sulfide emissions (AMIS), which we installed in 2003. In 2015, we completed installation of this system at all 35 of our geothermal plants.

Finally, Enel Green Power has launched a project in Italy that calls for the application of a closed-loop, drilling-sludge treatment system at our plants that uses centrifugal force to recover water. Other important benefits include savings on raw materials and the reduction of waste and of emissions related to the transport of such materials (for an estimated 80 tons equivalent of CO₂ emissions avoided).

Our focus on the environment throughout 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.

This focus on the environment can be seen in all of the primary processes of Enel Green Power's business, from plant design and construction and on through plant operation.

Business Development

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 2015, an interfunctional project "Design to Environment & Environmental Plan for Construction" was completed. The purpose of the project was 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 build-

ers a structured, exhaustive reference of all requirements of environmental compliance for construction. The structured collection of this information was applied to six pilot projects for a range of technologies. During the year, the Design to Environment project then merged with the Design to Safety process in order to take an integrated approach to designing the structural characteristics of both worksites and plants and to promote the sharing of environmental lessons learned and best practices.

Engineering & Construction

During construction, which is the phase in which the industry's activities have the greatest impact, Enel Green Power, with the help of our vendors and other partners, seeks to identify actions and initiatives that can minimize the worksite's impact on the environment. For this reason, an environmental impact prevention and mitigation plan – the Environmental Plan for Construction – was prepared for each project. It establishes measures for protecting the environment regarding aspects such as atmospheric emissions, waste management, water management, and noise pollution. The plans also set clear environment-management criteria for contractors working at the Group's construction sites. The objective of the plans 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 awareness actions and increasingly effective coordination mechanisms.

Operation & Maintenance

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 devel-

oped 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.

Focus on biodiversity

The protection of biodiversity is one of the strategic objectives of Enel Green Power's environment policy and is an integral part of the Environment Management System (EMS). This objective is a part of the broader strategy of the Enel Group and of the Group's biodiversity policy, which establishes the following commitments:

- > to properly plan out activities that could potentially interfere with fauna and their natural habitat in accordance with the mitigation hierarchy;
- > to compensate for any residual impact in accordance with the biodiversity principle of no net loss and to strive for a net gain whenever possible;
- > to conduct environmental impact studies for each new plant and adopt the best solutions to limit the plant's impact on biodiversity;
- > to monitor the effect of the measures implemented in order to preserve biodiversity.

The main actions aimed at protecting biodiversity and species at risk of extinction concern:

- > conservation of the habitats of protected species;
- > repopulation/transfer of animal species;
- > reintroduction of species threatened with extinction in their habitats;
- > installation of fish ladders (hydro);
- > restoration of habitats (e.g. green infrastructure, ecological corridors, etc.);

El Canadá hydroelectric plant

Since becoming operational, the El Canadá hydroelectric plant in Guatemala has experienced problems related to the accumulation of waste mater in the water (plastic, organic waste, Styrofoam, clothing, porous rock, shoes, etc.) at the dam wall. This is waste that is dumped into the Samala river above the dam.

In order to reduce this problem, Enel Green Power Guatemala has implemented a system for the separation, automated transport, and retrieval/recycling/recovery of this waste, which has enabled us to:

- > improve water quality by eliminating floating waste which may have traces of other pollutants (chemicals, oils, etc.);
- > remove nearly 42 tons of waste in 10 months, nearly 24% of which (in the form of organic waste) was returned to the river; 49% was sent for co-processing; 1% was disposed of as hazardous waste, and the remaining 26% (plastics) was recycled;
- > recycle 10.9 tons of plastic (nearly 363 m³);
- > remove 20.6 tons of waste to be used in co-processing (thermal recycling);
- > create jobs for the community;
- > reduce the visual impact of this floating debris in the water below the dam;
- > improve relations with the community and with local authorities

- > monitoring of bird populations/bat collisions (wind);
- > biomonitoring (land, sea and waterways);
- > noise monitoring;
- > mitigation of the visual impact of plants;
- > monitoring of damage caused to vegetation by emissions;
- > research (development of methodology, indicators, conservation plans, new techniques, etc.).

In the planning of these actions, we give priority to those that concern the ecosystems of protected areas located

near the plants and those that concern the conservation of species on the Red List of the International Union for Conservation of Nature and Natural Resources (IUCN).

Enel Green Power operates in areas with 160 protected sites (e.g. national natural parks, protected landscapes, natural reserves, Nature 2000 sites – i.e. SCIs, SACs and SPAs – high biodiversity value areas, and World Heritage/Biosphere Reserves). Most of these areas concern terrestrial ecosystems adjacent to or inside our sites.

The Iberian lynx

In 2015, Enel Green Power España, Microsensory, and the Andalusia Regional Council for Environmental Protection signed a biodiversity-protection agreement aimed at protecting the Iberian lynx, a species protected by the European Union (and classified as an endangered species by the IUCN).

This initiative seeks to develop a drone-based locator system to be used in place of the current system that calls for radio transmitters placed on collars worn by the animals.

The purpose of this one-year agreement is to improve the ability to follow the Iberian lynxes by way of radio transmitters positioned in their natural habitat.

Energy efficiency

Energy consumption is one of the greatest impacts of the Group's activities (regardless of the technology concerned). Our strategy for reducing energy consumption and its related impact aims to increase the efficiency of activities through plant modernization, projects to optimize maintenance, and actions to increase process efficiency.

Enel Green Power promotes projects to save energy in buildings and other specific initiatives involving employees. One of the initiatives involving employees is the Group's travel management policy, which seeks to reduce business travel by making greater use of remote working and teleconferencing.

As concerns the increase of energy efficiency in buildings, in 2015 Enel Green Power conducted energy diagnostics at all our plants throughout Italy in accordance with European Directives and Italian legislation concerning energy efficiency.

Such diagnosis is the best way of analyzing energy management of a given activity (whether it be industrial or service related) as it underscores the efficiency of operations beginning with the most significant uses of energy in order to determine the equipment and processes that draw the most energy and to identify potential ways to recover that energy or implement energy-saving technologies.

Within the scope of our Environment Management System, Enel Green Power has established guidelines which set the limits of applicability and the procedures for conducting these diagnoses (or audits).

Monitoring environmental disputes and other critical issues

Because we work in close contact with nature, and despite our best efforts to protect the environment and the health of our local communities, Enel Green Power has been involved in a number of disputes concerning the environment. These disputes have mainly concerned air quality and the protection of biodiversity and the landscapes of certain areas surrounding our plants.

In addition to environmental disputes, Enel Green Power also monitors other environment-related critical issues in relation to controversies or complaints by individuals, local governments, or environmental organizations and committees regarding the construction, operation and management of our plants. This includes, in order of severity, government orders, injunctions, written protest (either submitted directly to us or through the press), and media campaigns.

Our commitment to offsetting the impact of our business on climate change

The Enel Green Power Group, in line with our commitment to contribute to the UN's Sustainable Development Goals, will be taking steps to combat climate change and its effects.

This includes the commitment undertaken by Enel Green Power North America upon signing the American Business Act on Climate (ABAC) pledge. The White House has called upon corporations to sign this pledge and to take action to combat global warming.

By signing the ABAC pledge, companies undertake to reduce CO₂ emissions and to increase investment in energies that use low levels of coal, while increasing their use of renewable energy. The pledge has been signed by 154 companies employing over 11 million people in all 50 US States and with total annual revenues of over \$4 trillion and total market capitalization of over \$7 trillion.

Social and relationship capital

Social and relationship capital refers to the set of relationships that the Group has with the local communities in which we operate and our ability to share information in order to create shared value.

€4.1 million
Invested in sustainability projects

205,000
Project beneficiaries

168
Sustainability projects

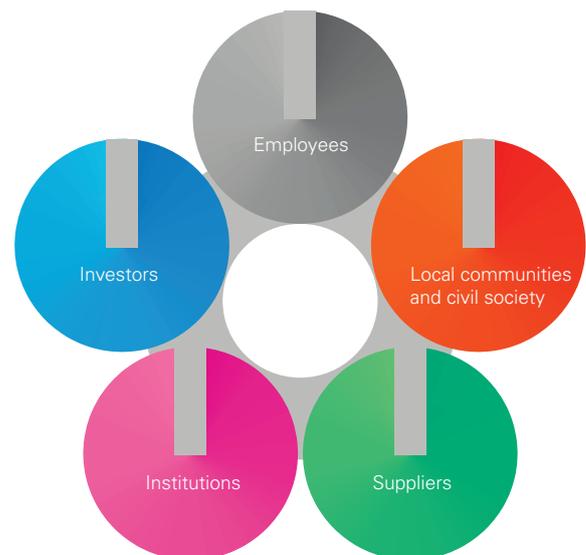
By listening to and analyzing the needs of the communities in which we operate, Enel Green Power seeks to maximize shared value while meeting these local needs and anticipating future needs and potential conflicts.

Stakeholder engagement

The ability to establish strong, lasting relationships with the local communities in the countries in which we operate is of fundamental importance to us at Enel Green Power. Enel Green Power's stakeholder engagement efforts are based on the principles of immediate involvement, inclusion, transparency, impact (i.e. the ability to consider alternative approaches to projects based on the needs of the community), equal opportunity, shared value, long-term relationships, the timely management of complaints, and collaboration.

Enel Green Power adopts a range of engagement mechanisms in line with our Creating Shared Value model and depending on the characteristics of the given country and the stage of development of the given project.

Main stakeholders of Enel Green Power



The table below shows the main mechanisms of stakeholder engagement adopted by the Enel Green Power Group by geographic area and Line Function.

Development of the Creating Shared Value Model

In 2015, the Creating Shared Value Model was updated with the help of a working group involving the International Finance Corporation (IFC). The Model calls for the creation of a tool to identify and assess the risks and impact of CSV projects.

The table below shows the main mechanisms of stakeholder engagement adopted by the Enel Green Power Group by geographic area and Line Function.

Main stakeholder engagement activities		Line Function		
		Business Development	Engineering & Construction	Operation & Maintenance
Geographic area	Europe and Northern Africa	<ul style="list-style-type: none"> > Identification and evaluation of socio-economic aspects and local needs in the areas in which we plan to build plants, including surveys to identify needs > Prioritization of needs by importance > Selection of adequate solutions to each issue > Selection of specific support mechanisms 	<ul style="list-style-type: none"> > Meetings with the local communities > Involvement of local SMEs in the supply chain 	<ul style="list-style-type: none"> > Mapping of strategic Enel Green Power plants (financial, environmental and social aspects) > Identification of the main categories of stakeholder for each site (relationship quality, interest type, degree of influence, attitudes) > Project planning taking account of stakeholder needs and business goals (assessment of stakeholders, benefits of activities, benefits to the local community, number of beneficiaries) > Execution and monitoring of CSV projects
	North America	<ul style="list-style-type: none"> > Stakeholder identification, engagement and interaction > Creation of a community development fund (CDF) 	<ul style="list-style-type: none"> > Meetings with the local communities 	<ul style="list-style-type: none"> > Meetings with the local communities
	Latin America	<p>Activities during project feasibility analysis:</p> <ul style="list-style-type: none"> > socio-economic and environmental analysis > preliminary assessment of the project's socio-economic and environmental impact > dialog and interaction with the community (i.e. meetings to discuss the project and the impact assessment and joint preparation of the sustainability plan) 	<ul style="list-style-type: none"> > Involvement of existing local SMEs in the supply chain or generation of new businesses based on project needs > Establishment of complaint-reporting and management mechanisms > Skill training and transfer to the local communities (e.g. in the use and maintenance of photovoltaic panels) > Involvement of local SMEs > Construction site ecological footprint 	<ul style="list-style-type: none"> > Use of new and existing SMEs (e.g. for the use and maintenance of photovoltaic panels) > Methods and technologies to protect strategic natural resources (e.g. the use of water to clean photovoltaic panels)
	Asia & Sub-Saharan Africa (South Africa)	<ul style="list-style-type: none"> > Identification of stakeholders affected by the projects and presentation of the document to the leaders of the local communities > Discussion of the projects with the local communities during the feasibility-analysis stage > Meetings and interviews with representatives of the most important categories of stakeholder > Meetings with the Project Steering Committees and the Community Liaison Officers > Complaint-reporting mechanisms 	<ul style="list-style-type: none"> > Meetings with the Project Steering Committees and the Community Liaison Officers > Complaint-reporting mechanisms 	<ul style="list-style-type: none"> > Meetings with the Project Steering Committees and the Community Liaison Officers > Complaint-reporting mechanisms

Projects to create shared value

The Group's efforts to create social and relationship capital necessarily involve the execution of projects that are able to create shared value for the local stakeholders concerned.

Four main strategies are adopted when defining these pro-

jects:

- > promoting access to energy;
- > promoting the socio-economic growth of the community;
- > boosting operational efficiency through sustainability;
- > supporting the community.

Each of these strategies has specific goals related to the various stakeholders.



Access to energy

- removing financial barriers to energy
- promoting the development of technical skills and production capacity
- promoting access to technology and infrastructure
- increasing energy efficiency
- promoting a culture of energy



Socio-economic growth for the community

- promoting employment
- developing infrastructures
- transferring skills and developing those of the local communities
- supporting entrepreneurship within the community
- promoting relationships within the community



Operating efficiency through sustainability

- using water and energy responsibly
- making efficient use of information technology
- mitigating environmental impact
- promoting a sense of belonging within the organization



Support for local communities

- promoting education
- supporting families
- supporting local events and initiatives
- promoting culture, diversity, sports, health and safety
- protecting biodiversity and the environment

Enel Green Power for Sustainable Development Goals

In conjunction with the United Nations Sustainable Development Summit 2015, and as a member of the Enel Group, Enel Green Power has committed to help achieve four of the UN's four Sustainable Development Goals (SDGs), thereby contributing to:

- > ensuring access to affordable, sustainable and modern energy (SDG 7);
- > taking urgent action to combat climate change and its effects (SDG 13);
- > ensuring quality education that is fair and inclusive (SDG 4);
- > promoting economic growth and inclusive, sustainable and lasting employment (SDG 8).



Enel Green Power initiatives for access to energy

In line with our commitment in relation to the UN's sustainable development goals, Enel Green Power has launched

various projects designed to ensure access to electricity. These initiatives vary based on the actual needs of the communities concerned, with a particular emphasis on communities in countries with limited or no access to energy, such as in Africa or Latin America. A number of examples are described below.



Powering Education

The goal of the project Powering Education is to assess the impact that access to clean energy has both on school performance and on family budgets. Launched in September 2013 in partnership with the World Economic Forum's Global Shapers Community and with The Coca-Cola Company, Enel Foundation, and Givewatts, a detailed study as part of the project has shown that the provision of solar lamps is able to improve the performance of children in school. The participation of 12 schools and 350 students in southern Kenya has helped to show that students with a solar lamp tend to study more at home for an average increase in study time of around 17%.

The families whose children received a solar lamp were also able to reduce their weekly electrical bills by 10-15%, meaning they could spend a significant portion of their savings on other household needs, such as improving sanitation.

The second stage of the project will involve around 60 new schools and 2,400 students in Kisii county, in western Kenya. This will enable us to study the effects on employment for the students' parents and to further investigate the effects of solar energy on local households.

Over **1,100 solar lamps in 70 rural villages** have been distributed so far, providing safe, sustainable electricity to over **5,500 people**.

Barefoot College partnership for empowerment

Enel Green Power's partnership with non-profit Barefoot College in India within the framework of the Enel Group's Enabling Electricity program is an example of the creation of real, measurable development. Having begun in 2012, the goal of the project is to bring electricity to rural areas by conveying the knowledge of solar technologies to disadvantaged communities. For this reason, the project has involved a total of 45 women with low levels of education from poor, isolated villages in Peru, Chile, Guatemala, Mexico, Colombia, El Salvador, Brazil, Ecuador and Panama that have no access to electricity. These women spent six months at Bare-

foot College, in northern India, in order to learn to install and maintain small photovoltaic systems, thereby becoming solar technicians who could return to their home villages with the photovoltaic kits provided by Enel Green Power to bring light, development and employment to their communities.

Given the success of this initiative, Enel Green Power has decided to extend the program to Africa, where the project will include the participation of five semi-literate women in the training and the creation of a Barefoot College training center in Tanzania, where around 40 women will be trained each year on how to maintain and manage small-scale photovoltaic systems.

Since its launch in 2012, the project has reached 41 communities with the help of 9 local non-profit organizations, affecting over 19,000 people, who have benefited from the electricity provided by way of the project.

Hybrid plant in Ollagüe, Chile

In 2015, Enel Green Power completed construction of a hybrid (photovoltaic, small-wind, diesel and battery) plant that gives the community of Ollagüe (Chile) access to clean energy 24 hours a day. Conducted in collaboration with the University of Chile and with the support of local government, the project introduced a range of innovative solutions to the temperature changes and other extreme geographic and climatic conditions typical of Ollagüe, which is at an altitude of 3,600 meters.

The model adopted for this Enel Green Power project in Ollagüe is based on the sustainability of the cost of energy used and the average financial resources available to the community's households. The revenues resulting from payment for the energy are administered by the community and used to help maintain the plant. Members of the community are also responsible for various aspects of plant maintenance, and the entirety of plant operations is handled locally. An oversight committee consisting of businesses, the community and other stakeholders ensures application of the project's model and helps to recommend any improvement that may be needed. Enel Green Power continues to study the plant's performance in order to optimize its output and test new solutions that integrate other renewable-energy

and energy-storage technologies.

In line with the targets for growth, research and innovation set within the scope of Enel Green Power's business plan, this project called for a total investment of about \$3 million and is expected to contribute to increasing research and development in Chile, in addition to being a clear benefit to an isolated community, alongside the other projects that Enel Green Power is pursuing in the country.

Access to energy to promote the local economy in San Juan de Marcona, Peru

The goal of this project is to provide access to energy in order to promote economic development in the fishing community of San Juan de Marcona, where the economy is mainly based on the small-scale collection and sale of algae. The project improved the production process thanks to the installation of a machine to chop the algae, thereby adding value to the finished project in order to sell it at a higher price and to a more diverse range of customers. In order to diversify production, the project also calls for the installation of an aquaculture system that runs on a hybrid photovoltaic, wind, diesel and battery power source. This will eliminate the barriers to local development caused by the lack of access to electricity along the Marcona coast. The training process is ongoing and includes technical coursework in operating the technologies to be used; courses in marketing, administration and management; and lessons in marine safety.

An estimate of the impact of these activities involved an analysis of the social return on investment (SROI) using an approach that has been certified by the Postgraduate School of Business & Society of Università Cattolica. The overall results of this analysis show that the project will create about five dollars of value for the community for every dollar invested (USD 5.27:USD 1).

The mini-grid in Kenya

At the end of 2015, Enel Green Power entered into a partnership with Powerhive, one of the leading developers and providers of mini-grids, in order to construct a solar mini-grid in 100 villages in Kenya with a total installed capacity of 1 MW. About €12 million is expected to be invested in 2016. The integration of mini-grids with energy-storage systems will make it possible to balance supply and demand in order to reduce volatility and offset both variations in demand and the unpredictable fluctuations in power generation typical of renewable energy. The project will also provide customers with a simplified, reliable payment system with the help of a mobile application and advance payment and the use of Powerhive's mini-grid management platform.

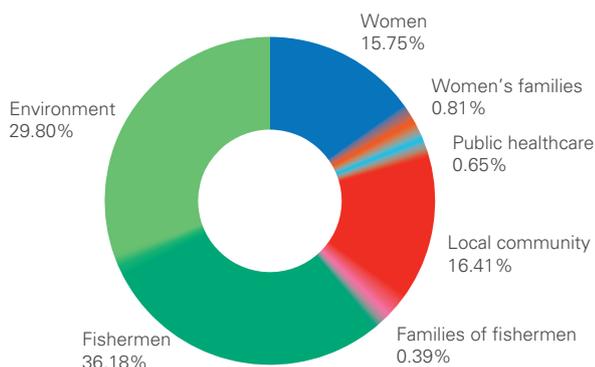
90,000 people will be connected to the grid, **20,000 households** will have access to clean energy.

The main projects of 2015

Development of local skills (Italy)

In Calabria, Enel Green Power is developing a project aimed at expanding the technical skills needed in the areas in which we have plants in order to create Italy's first training center for wind-turbine mechatronics. The vocational program for high-school graduates is the result of an agreement between the Region of Calabria and the ITS A. Monaco Foundation (Cosenza), of which Enel Green Power is a member. Enel Green Power will be providing the wind equipment and related transport and will be assisting in the training activities.

Over €1.8 million in estimated impact for stakeholders



Socio-economic integration (Italy)

In Tuscany, Enel Green Power has enabled Parvus Flos, a social cooperative helping individuals with social challenges to rejoin the workforce through involvement in farming, to save money on the purchase of geothermal energy generated by Enel Green Power in order to heat the cooperative's greenhouses.

Prairie Rose Community Development Fund (USA)

The Prairie Rose Community Development Fund is a private foundation funded by Enel Green Power and created in conjunction with development of the Prairie Rose Wind Project. The purpose of the foundation is to construct a wind farm in Minnesota and South Dakota.

The foundation includes members from the local communities and owners of the land used by the wind farm.

The fund will be used to provide scholarships to local residents and grants for various environmental projects and initiatives, as well as for the protection of biodiversity, the promotion of culture and education, and the promotion of health and safety.

E2@MIT (USA)

In 2015, for the second year in a row, Enel Green Power organized an intensive course at the Massachusetts Institute of Technology (MIT) in Boston, sponsoring 15 students from largely ignored, disadvantaged communities in order to teach them technical skills in the field of renewable energy. The project included the active involvement of a number of senior-level Enel Green Power employees, who came to the classrooms to share their technical knowledge and professional experience.

"Rome's hidden treasures" (Italy-USA)

Born out of a partnership between Enel Green Power and Superintendence of Culture of the City of Rome, this is the first agreement enabling researchers from around the world to access entire collections of ancient Roman artifacts that had thus far been studied only in part.

Development of local skills (Chile)

In the Chilean region of Antofagasta, Enel Green Power operates a cluster of photovoltaic plants with a generation capacity of 158 MW.

After an analysis of the needs of the main stakeholders, we saw that employment, education, and skill development were the issues of greatest importance to the local community.

When constructing the plants, Enel Green Power, together with the City of Taltal, trained 12 unemployed individuals with high-school diplomas, including one-month paid internships at the plants in question. Upon completion of their field training, 11 of the 12 participants continued their internships for another three months. Four participants were subsequently employed at other Enel Green Power plants, and two were given permanent employment with Enel Green Power contractors working on other construction projects in the area.

Clean shores and the recycling of solid waste (Guatemala)

In the Zunil area in Guatemala, Enel Green Power operates a hydroelectric plant with a capacity of 47 MW.

The issues of greatest importance to the local community and stakeholders concern protection of the environment. In response to this priority, Enel Green Power implemented a project that both improved the environmental condition of the river and reduced the impact of waste in the river on the plant's turbine by collecting and recycling or disposing of waste before it reaches the plant. After just three months, the project showed encouraging results in terms of the reduction of waste, increases in recycling, and an overall improvement in plant operation and maintenance.

Cerro Pabellón (Chile)

In 2015, Enel Green Power signed a ten-year agreement with the local communities living near the Cerro Pabellón geothermal plant in northern Chile. Here, too, Enel Green Power established a program together with the communities to provide them with access to energy, education, economic development, and growth in tourism.

Palo Viejo (Guatemala)

Palo Viejo is a hydroelectric plant of around 87 MW that the Enel Green Power Group has operated in Guatemala since 2012. Given the vulnerability of the Guatemalan natural environment, Enel Green Power worked with stakeholders to define a training and leadership program on sound environmental practice so that members of the community could conduct the measurements and monitoring needed to prevent environmental impact that could result from improper uses of the territory. This initiative reaches some 2,100 people, who monitored around three square kilometers of sub-tropical rain forests.

Play Energy

Play Energy is an annual competition that the Enel Group holds for schools in Italy and around the world, with Enel Green Power participating in six nations with three winners: Chile, Romania and Spain. The project is for primary and secondary schools and engages students, their families, and their teachers in discovering the world of energy in order to promote renewable energy, energy efficiency, and the conscious use of energy through educational activities, guided tours of power plants, and energy-related quizzes.

We are Energy

We are Energy is a competition for the children of employees in order to teach them about energy, energy resources, and sustainability. In 2015, the competition attracted 196 young people, all children of Enel Green Power employees. The 10 winners attended the international We are Energy summer camp, where they participated in a great many educational activities, workshops, field trips, and other events.

Natura e territorio

For over 15 years, *Natura e territorio* has sought to promote Italian culture through cultural and recreational activities in order to restore and maintain local traditions. In 2015, with the help of local institutions, 25 events were promoted in Italy to emphasize integration of power plants with the landscape and underscore balance between technology and the environment.

Open Plants

Each year, Enel Green Power opens our facilities to guided tours in order to show the public how we generate power and to promote a culture of sustainability and respect for the environment. In 2015, we also held 25 events in Italy that attracted a total of over 10,000 visitors.

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 excep-

tion 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 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 scope of consolidation used in computing the sustainability indicators comprises the Enel Green Power Group companies consolidated at December 31, 2015 ⁽¹¹⁾.

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

CO₂ emissions avoided:

These are calculated as the sum of the emissions avoided in the countries in which Enel Green Power operates. For each country, the amount is calculated by multiplying the electricity generated from each renewable resource by the specific

average emissions for thermal generation drawn from the Enerdata database (<http://services.enerdata.eu>).

Workforce of contracting companies:

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 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 2014 and 2015 as a result of the following main transactions.

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;

(11) The health and safety indicators do not include 3Sun.

- > disposal, on December 18, 2014, of the wholly-owned subsidiary Enel Green Power France Sas to Boralex EnR Sas.

2015

- > Disposal, on March 31, 2015 of the 49% stake holding in EGP NA Renewable Energy Partners LLC, acting through the subsidiary Enel Green Power North America Inc. The newco was formed from a number of companies mainly operating in the wind and hydroelectric sectors;
- > acquisition, on March 6, 2015, of control of 3Sun from STMicroelectronics ("STM") and Sharp, with the acquisition by the Enel Green Power Group of an additional 66.7% of 3Sun in implementation of the agreement signed by the parties in July 2014;
- > reallocation to shareholders of the ENEOP Consortium of their assets with consequent acquisition of an additional controlling interest;
- > acquisition, in the 2nd Quarter of 2015, of a number of projects in South Africa following winning bid in the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) for a total installed capacity of 705 MW;
- > acquisition, on September 24, 2015, of 68% of BLP Energy, a company operating in the renewables sector in India, which holds wind plants with a total installed capacity of 172 MW;
- > disposal, on November 26, 2015, of the holding in Finerge Gestão de Projectos Energéticos SA, a wholly-owned subsidiary of Enel Green Power España SL to the Portuguese company First State Wind Energy Investments SA;
- > contribution, in the 4th Quarter of 2015, of certain solar assets in Italy to a new equally-held joint venture with F2i Energie Rinnovabili Srl in accordance with the agreement signed on October 16, 2015, taking effect as from December 31, 2015;
- > acquisition, in the 4th Quarter of 2015, of an interest of 78.6% of Erdwärme Oberland GmbH ("EO") from Erdwärme Bayern GmbH & Co. ("EB"), a company specialized in the development of geothermal projects in Germany.

Group performance

The following table shows the reclassified income statement for 2015, with comparative figures for 2014.

Millions of euro

	2015	2014	Change
Total revenue including commodity contracts measured at fair value	2,986	2,996	(10)
Total costs	1,160	1,054	106
GROSS OPERATING MARGIN	1,826	1,942	(116)
Depreciation, amortization and impairment losses	1,041	921	120
OPERATING INCOME	785	1,021	(236)
Net financial income/(expense) from derivatives	(108)	(21)	(87)
Other net financial income (expense)	(237)	(236)	(1)
Share of income/(losses) of equity investments accounted for using the equity method	8	(56)	64
INCOME BEFORE TAXES	448	708	(260)
Income taxes	184	264	(80)
Net income from continuing operations	264	444	(180)
Net income from discontinued operations ⁽¹⁾	-	(4)	4
NET INCOME	264	440	(176)
- Attributable to shareholders of the Parent Company	166	359	(193)
- Attributable to non-controlling interests	98	81	17

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

Revenue

Millions of euro

	2015	2014	Change
Revenue from electricity sales	1,926	1,761	165
Revenue from green certificates	377	443	(66)
Revenue from other incentives	405	356	49
Net income/(expense) from commodity contracts measured at fair value	(25)	76	(101)
Revenue from electricity sales including commodity contracts measured at fair value	2,683	2,636	47
Other revenue and income	303	360	(57)
Total revenue including commodity contracts measured at fair value	2,986	2,996	(10)

Total revenue including commodity contracts measured at fair value amounted to €2,986 million, a decrease of €10 million compared with 2014 (0.3%), due to the combined effect of a decrease in other revenue and income in the amount of €57 million (€303 million in 2015) and an increase of €47 million in revenue from electricity sales (€2,683 million in 2015), taking account of exchange gains of €154 million.

Revenue from electricity sales increased by €47 million, mainly due to the increase in revenue posted in North America (€106 million) and in Latin America (€101 million), and largely in Chile, Mexico, Costa Rica and Brazil. This was partly offset by a decline in revenue in Europe (€162 million), mainly in Italy (€169 million) due to a reduced availability of hydroelectric energy and taking account of €31 million generated from the sale of Enel Green Power France in December 2014.

Revenue from green certificates amounted to €377 million, a decrease of €66 million compared with 2014, which is entirely attributable to the Europe area.

Revenue from other forms of incentives amounted to €405 million, an increase of €49 million compared with 2014 and against an increase in revenue from tax partnerships in North America (€55 million).

Other revenue and income amounted to €303 million, a decrease of €57 million compared with 2014. The other revenue in 2015 are attributable to the Europe and North Africa area and are due to the effects of the acquisition of control of 3Sun (€117 million) in addition to the recognition of the indemnity in the agreement with STM (€12 million), the gain on the sale of Portuguese operations (including the effects of the consolidation of a number of projects in the portfolio held by the ENEOP consortium (€29 million). Other revenue for the Sub-Saharan Africa and Asia area includes the effect of completing the allocation of the purchase price in the acquisition of South African projects (€12 million).

Other revenue in 2014 mainly regarded the gain on the sale of investments in LaGeo (€123 million) and Enel Green Power France (€31 million) in addition to recognition of the indemnity provided for in the off-take agreement with Sharp regarding the output of the 3Sun factory (€95 million).

Costs

Millions of euro

	2015	2014	Change
Electricity and other fuel purchases	175	292	(117)
Services and other material	595	489	106
Personnel	339	256	83
Other operating expenses	185	148	37
Capitalized costs	(134)	(131)	(3)
Total	1,160	1,054	106

Costs amounted to €1,160 million, an increase of €106 million compared with 2014 (10%).

Costs for *electricity and other fuel purchases* decreased by €117 million (-40.1%) compared with 2014 (€292 million), due to lower costs of electricity purchases in Latin America (€120 million), mainly in Brazil (€71 million) and Panama (€56 million).

The cost of *services and other material* increased by €106 million due to the expansion of installed capacity, mainly in Latin America (€48 million) and in North America (€35 million), as well as in Italy for services and maintenance (€31 million).

The increase in *personnel costs* (€83 million, 32.4%) was mainly associated with an increase in ordinary personnel costs in line with the rise in the average workforce as well as the effect of the formalization of a number of agreements for the early retirement of employees in the Italy area (€48 million).

Other operating expenses increased by €37 million (25.0%) mainly due to the recognition of charges related to specific projects in Mexico.

Capitalized costs amounted to €134 million, an increase of €3 million compared with the previous year (2.3%), mainly attributable to the cost of employees involved in the design and construction of power plants, consistent with the increase in investment (+€833 million compared with 2014).

The **gross operating margin** amounted to €1,826 million, a decrease of €116 million (-6.0%) compared with 2014, mainly reflecting the decline in Europe and North Africa (€360

million). This was partially offset by an increase in Latin America (€162 million) and North America (€76 million).

In the Europe and North Africa area, the gross operating margin amounted to €1,105 million, a decrease of €360 million compared with 2014 (€1,465 million), reflecting developments in revenue as mentioned above and higher costs due to the signing of a number of early retirement agreements for employees in Italy (€48 million) and an increase in operating costs mainly due to the effects of the acquisition of control of 3Sun (€29 million).

The Latin America area posted a gross operating margin of €364 million, an increase of €162 million compared with the previous year (€202 million), taking account of exchange gains of €44 million, reflecting an increase in revenue (€112 million) and a decrease in operating expenses related to the purchases of energy (€119 million) in Panama and in Brazil. This was partly offset by an increase in operating expenses associated with the expansion of installed capacity in Brazil, Chile and Mexico (€63 million).

The North America area posted a gross operating margin of €352 million, an increase of €76 million compared with the previous year (€276 million), taking account of exchange gains of €58 million, mainly reflecting an increase in revenue (€138 million). This was partly offset by higher personnel and operating costs mostly accounted for by the increase in installed capacity.

The Sub-Saharan Africa and Asia area posted a gross operating margin of €5 million, an increase of €6 million compared with 2014 (a loss of €1 million), reflecting developments in revenue (€11 million) and an increase in operating costs in South Africa (€4 million).

Other items of the income statement

Depreciation, amortization and impairment amounted to €1,041 million, an increase of €120 million compared with the previous year (13.0%), consistent with the expansion of installed capacity in Latin America (€51 million) and in North America (€27 million).

The item also reports the 2015 writedowns of a number of projects in North America (€33 million) and of 3Sun (€46

million), impairment losses on certain receivables in Europe (€16 million), as well as an impairment of €155 million on the assets held in Romania, taking account of the continuing uncertainty in the regulatory framework and market conditions in the country. In 2014 this item included the impairment loss recognized on the goodwill and net assets of Enel Green Power Hellas (€181 million).

Financial income/expense

Millions of euro

	2015	2014	Change
Financial income from derivatives	43	7	36
Financial expense from derivatives	151	28	123
Net financial income/(expense) from derivatives	(108)	(21)	(87)
Other financial income	281	108	173
Other financial expense	518	344	174
Other net financial income/(expense)	(237)	(236)	(1)

Net financial income/(expense) from derivatives amounted to €108 million, an increase of €87 million compared with the previous year, mainly reflecting the rise in net expense on derivatives at fair value of the Parent Company.

Other net financial income/(expense) showed net expense of €237 million net of the capitalized portion, an increase of €1 million compared with the previous year (+0.4%).

The **share of income from equity investments accounted for using the equity method** amounted to net income of €8 million, an improvement of €64 million compared with

the previous year. In 2014, this item included the impairment losses on equity investments in associates in Greece (€89 million) and the positive effects regarding the associate La-Geo, which was sold in the fourth quarter of 2014.

Income taxes amounted to €184 million, a decrease of €80 million compared with the previous year (-30.3%) with an effective tax rate of 41.1%, compared with 37.3% in 2014, which mainly reflects the effect of the adjustment of deferred taxes in Italy following the application of the 2016 Stability Act, which reduced the corporate income tax rate (IRES) from 27.5% to 24%, with effect in 2017 with effects already reflected at December 31, 2015.

Net income for the year - €264 million

Net income for the year amounted to €264 million, a decrease of €176 million (-40.0%) compared with €440 million

in 2014 (including a net loss of €4 million from discontinued operations).

Analysis of the Group's financial position

The following table shows the reclassified balance sheet at December 31, 2015, with comparative figures at December 31, 2014.

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change
Net non-current assets			
Property, plant and equipment	15,364	13,329	2,035
Intangible assets	1,328	1,378	(50)
Goodwill	666	871	(205)
Equity investments accounted for using the equity method	273	323	(50)
Other net non-current financial assets (liabilities)	(65)	(86)	21
Other net non-current assets (liabilities)	17	(34)	51
Total non-current assets	17,583	15,781	1,802
Net current assets			
Inventory	163	184	(21)
Trade receivables	451	440	11
Trade payables	(1,268)	(888)	(380)
Net tax receivables (payables)	326	104	222
Other net current financial assets (liabilities)	(86)	(70)	(16)
Other net current assets (liabilities)	(46)	(12)	(34)
Total net current assets	(460)	(242)	(218)
Gross capital employed	17,123	15,539	1,584
Provisions			
Post-employment and other employee benefits	(36)	(43)	7
Provisions for risks and charges	(246)	(150)	(96)
Net deferred taxes	(332)	(379)	47
Total provisions	(614)	(572)	(42)
Net capital employed	16,509	14,967	1,542
Shareholders' equity	9,630	8,929	701
Net financial debt	6,879	6,038	841

Property, plant and equipment amounted to €15,364 million, an increase of €2,035 million compared with December 31, 2014, essentially attributable to capital expenditure during the year (€2,431 million), depreciation and impairment (€879 million), exchange gains (€271 million), change in the scope of consolidation (€110 million) and the capitalization of financial expense (€80 million).

Operating **capital expenditure** mainly regarded the wind sector in Latin America (€823 million), North America (€257 million) and South Africa (€117 million), the solar sector in Chile (€344 million) and South Africa (€194 million), the geothermal sector in Italy (€108 million), as well as the hydroelectric sector in Latin America (€228 million) and Italy (€82 million).

The change in the scope of consolidation mainly regards the full consolidation of the company that owns the Osage project in the United States (€243 million), previously accounted for using the equity method, the acquisition of control of 3Sun (€122 million) and BLP Energy in India (€76 million). These were partly offset by the sale of the Portuguese subsidiaries (€110 million) and the deconsolidation of a number of solar energy projects in Italy (€224 million).

Intangible assets amounted to €1,328 million, a decrease of €50 million compared with December 31, 2014, mainly reflecting the effects of the determination of the fair value of the assets acquired and liabilities assumed in respect of a num-

ber of projects in South Africa (€76 million) and Chile (€42 million), investments for the year (€31 million), and exchange gains (€21 million). These were largely offset by amortization and impairment losses (€127 million) and by the sale of the Portuguese subsidiaries (€38 million).

Goodwill amounted to €666 million, a decrease of €205 million compared with December 31, 2014, mainly reflecting the sale of the Portuguese companies transferred, partly offset by exchange gains (€49 million) and the acquisition of companies in Mexico (€6 million).

Equity investments accounted for using the equity method amounted to €273 million, a decrease of €50 million compared with December 31, 2014, mainly reflecting the consolidation and subsequent sale of the Portuguese companies (€156 million) and the full consolidation of Osage (€59 million), which were only partially offset by the acquisition of the Marte solar project (€111 million) and capital increases in North America, Latin America and Greece (€36 million).

Net current assets were a negative €460 million at December 31, 2015 (a negative €242 million at December 31, 2014), an increase of €218 million, mainly due to a rise in trade payables (€380 million), partly offset by an increase in net tax receivables (€222 million).

Provisions show an increase of €42 million, mainly due to an increase in “Provisions for risks and charges” following the accrual to the provision for early retirement incentives (€48 million) and to the provision for charges for generation plants (€38 million), which were partially offset by an increase in provisions for deferred taxes (€47 million).

Net capital employed at December 31, 2015 amounted to €16,509 million and is funded by shareholders’ equity ascribable to shareholders of the Parent Company and non-controlling interests of €9,630 million and net financial debt of €6,879 million.

Analysis of the Group's financial structure

Net financial debt

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change
Long-term debt			
Bank borrowings	2,719	2,711	8
Other borrowings	1,193	869	324
Due to related parties	2,455	2,455	-
Long-term debt	6,367	6,035	332
Long-term financial receivables	(193)	(425)	232
Net long-term debt	6,174	5,610	564
Short-term debt			
Short-term portion of long-term bank borrowings	275	193	82
Drawings on revolving credit facilities	2	2	-
Other short-term bank borrowings	26	11	15
Short-term bank borrowings	303	206	97
Other borrowings and amounts due to related parties – short-term portion	195	130	65
Other short-term financial payables and payables due to related parties	685	852	(167)
Other short-term borrowings and amounts due to related parties	880	982	(102)
Other short-term financial receivables	(93)	(285)	192
Cash with banks and short-term securities	(385)	(475)	90
Cash and cash equivalents and short-term financial receivables	(478)	(760)	282
Net short-term financial debt	705	428	277
NET FINANCIAL DEBT	6,879	6,038	841

Net financial debt amounted to €6,879 million, an increase of €841 million (13.9%), was mainly due to the effect of an increase of €564 million in **net long-term debt** (10.1%) and an increase of €277 million in net short-term debt (64.7%). Under *net long-term debt*, the increase in other borrowings (€8 million) was mainly due to new loans for projects (tax partnerships) in North America (€308 million); while the decrease in long-term financial receivables reflects the sale of

the Portuguese companies (€391 million).

Under *net short-term financial debt*, the decrease in **other short-term financial receivables** (€192 million) was mainly due to reduced deposits on the intercompany current account held with the Dutch finance company of the Enel Group (€189 million).

Cash flows

Millions of euro

	2015	2014	Change
Cash and cash equivalents at the beginning of the period ⁽¹⁾	335	337	(2)
Cash flows from operating activities	1,295	1,033	262
Cash flows from investing activities	(1,591)	(1,137)	(454)
Cash flows from financing activities	345	85	260
Effect of exchange rate changes on cash and cash equivalents	1	17	(16)
Cash and cash equivalents at the end of the period	385	335	50

(1) Of which cash and cash equivalents of "Assets classified as held for sale" equal to €10 million at January 1, 2014 restated.

Cash flows from operating activities in 2015 were a positive €1,295 million, an increase of €262 million compared with 2014 (a positive €1,033 million). This reflected a gross operating margin, net of non-monetary items, amounting to €1,669 million (a decrease of €51 million) and cash requirements associated with net current assets of €374 million (a reduction of €313 million compared with 2014).

Cash flows from investing activities in 2015 amounted to €1,591 million, an increase of €454 million compared with 2014 (€1,137 million), mainly associated with an increase in operating capital expenditure compared with 2014 (€843

million). In addition, grants amounting to €4 million were received in North America, which were reclassified as a reduction in operating capital expenditure.

Cash flows from financing activities in 2015 were a positive €345 million, an increase of €260 million compared with 2014 (€85 million), mainly due to the sale of 49% of EGP NA REP (€450 million).

The combined effect of the various cash flows in 2015 generated an increase of €50 million in initial cash and cash equivalents.

Overview of the Parent Company's performance and financial position



Performance of the Parent Company

The following table reports the reclassified income statement for 2015, with comparative figures for 2014.

Millions of euro

	2015	2014	Change
Total revenue	1,257	1,479	(222)
Net income/(expense) from commodity contracts measured at fair value	(16)	74	(90)
Total revenue including commodity contracts measured at fair value	1,241	1,553	(312)
Total costs	(681)	(483)	(198)
Gross operating margin	560	1,070	(510)
Depreciation, amortization and impairment losses	(287)	(301)	14
Operating income	273	769	(496)
Net financial income/(expense) from derivatives	(67)	(17)	(50)
Net other financial income/(expense)	(19)	(96)	77
Income from equity investments	8	39	(31)
Income before taxes	195	695	(500)
Income taxes	(103)	(260)	157
Net income from continuing operations	92	435	(343)
Net income/(loss) from discontinued operations	-	(4)	4
Net income for the year	92	431	(339)

Revenue

Millions of euro

	2015	2014	Change
Revenue from electricity sales	708	741	(33)
Revenue from green certificates and other incentives	309	364	(55)
Net income from commodity contracts measured at fair value	(16)	74	(90)
Revenue from electricity sales including commodity contracts measured at fair value	1,001	1,179	(178)
Other revenue and income	240	374	(134)
Total revenue including commodity contracts measured at fair value	1,241	1,553	(312)

Total revenue including commodity contracts measured at fair value amounted to €1,241 million (€1,553 million in 2014), down €312 million as a result of the decrease of €178 million in revenue from electricity sales (€1,001 million in 2015 and €1,179 million in 2014) and a decrease of €134 million in other revenue and income (€240 million in 2015 and €374 million in 2014).

Other revenue and income totaled €240 million in 2015 (€374 million in 2014) and mainly regard revenue from the sale of photovoltaic panels in the amount of €104 million. The decrease of €134 million is attributable to the recogni-

tion in 2014 of the gain on the disposal of the interest in La-Geo 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).

The decline in revenue from electricity sales reflects a decrease in revenue from the sale of green certificates and other incentives (€55 million), a reduction in revenue from electricity sales (€33 million), as a result of a decline in output, and a decrease in net income from commodity contracts measured at fair value (€90 million).

Costs

Millions of euro

	2015	2014	Change
Electricity	39	37	2
Personnel	188	147	41
Services, materials and other operating expenses	480	327	153
Capitalized costs	(26)	(28)	2
Total	681	483	198

Costs amounted to €681 million in 2015 and €483 million in 2014, an increase of €198 million, mainly reflecting the rise in costs for services, materials and other operating expenses (€153 million) and personnel costs (€41 million), mainly

associated with the provision for early retirement incentives.

The **gross operating margin** amounted to €560 million, down €510 million (€1,070 million in 2014).

Other items of the income statement

Depreciation, amortization and impairment losses

amounted to €287 million, a decrease of €14 million on the previous year (€301 million in 2014), essentially the result of a contraction of €15 million in writedowns.

Net financial expense from derivatives rose by €50 million, mainly due to an increase in charges on trading contracts.

Net financial expense declined by €77 million, with the recognition of an increase of €78 million in financial income, attributable to exchange gains and accrued interest income, partly offset by an increase of €2 million in financial expense.

Income taxes totaled €103 million (€260 million in 2014). The item mainly reports current taxes in the amount of €100 million (€247 million in 2014) and deferred tax assets in the amount of €6 million (€11 million in deferred tax liabilities in 2014).

Net income from discontinued operations

The item, which showed a loss of €4 million in 2014, 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, gave rise to a capital gain of €72 million, which was recognized in the 2013 income statement under net income from discontinued operations, net of tax effects (€1 million).

Net income for the year

The year 2015 closed with **net income** of €92 million, a decrease of €339 million on the previous year (€431 million in 2014, including a net loss from discontinued operations of €4 million).

Analysis of the Parent Company's financial position

The following table reports the reclassified balance sheet at December 31, 2015, with restated comparative figures at December 31, 2014.

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change
Net non-current assets			
Property, plant and equipment	4,676	4,847	(171)
Intangible assets	32	28	4
Goodwill	6	6	-
Equity investments	5,458	4,593	865
Net non-current financial assets/(liabilities) – derivatives	(41)	(50)	9
Other net non-current assets/(liabilities)	(34)	(45)	11
Total net non-current assets	10,097	9,379	718
Net current assets			
Inventories	33	89	(56)
Trade receivables	413	358	55
Net tax receivables/(payables)	120	(20)	140
Net current financial assets/(liabilities) – derivatives	(20)	5	(25)
Other net current financial assets/(liabilities)	(26)	(29)	3
Trade payables	(256)	(247)	(9)
Other net current assets/(liabilities)	29	94	(65)
Total net current assets	293	250	43
Gross capital employed	10,390	9,629	761
Provisions			
Post-employment and other employee benefits	(32)	(39)	7
Provisions for risks and charges (including current portion)	(145)	(77)	(68)
Net deferred taxes	133	127	6
Total provisions	(44)	11	(55)
Net capital employed	10,346	9,640	706
Shareholders' equity	6,818	6,898	(80)
Net financial debt	3,528	2,742	786

Net non-current assets increased by €718 million on December 31, 2014, mainly reflecting the following factors:

- > an increase of €865 million in *equity investments*, mainly attributable to the recapitalization of 3Sun Srl (€449 million) and the recapitalization of Enel Green Power International BV (€305 million);
- > a decrease of €11 million in *net non-current liabilities*, mainly reflecting the reduction in sundry rentals and urban development fees;
- > a decrease of €9 million in *net non-current financial liabilities – derivatives* as a result of the measurement at fair value of cash flow hedges of interest rates;
- > a decrease of €171 million in *property, plant and equip-*

ment, essentially reflecting the net balance between capital expenditure and net financial expense (€251 million), the change in the scope of consolidation with the sale of the photovoltaic assets of Enel Green Power SpA to Altomonte Srl (€139 million), depreciation (€276 million) and impairment losses and other changes (a total of €7 million).

Net current assets were a positive €293 million, an increase of €43 million on December 31, 2014 (a positive €250 million). The rise mainly reflects:

- > an increase of €140 million in *net tax payables*, mainly due to an increase in the net IRES receivable with Enel

SpA (€106 million – a receivable of €75 million at December 31, 2015 and a payable of €30 million at December 31, 2014) and the increase in the VAT position in respect of Enel SpA within the Group VAT mechanism (€31 million);

- > a rise of €55 million in *trade receivables*, mainly due to the increase in sales of photovoltaic panels;
- > a decrease of €56 million in *inventories*, essentially in respect of the decline in inventories of photovoltaic panels acquired from 3Sun Srl and in inventories of green certificates;
- > a decrease of €65 million in *net other current assets/(liabilities)*, largely attributable to the collection of 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), a decrease in receivables for green certificates accrued but not yet credited to the certificates account (€31 million) and the collection 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 in 2014 (€5 million).

Provisions amounted to €44 million, an increase of €55 million (a positive €11 million at December 31, 2014), attributable mainly to the increase in provisions for risks and charges (€68 million), partly offset by the reduction in the provision for post-employment and other employee benefits (€7 million) and greater net deferred taxes (€6 million).

Net capital employed amounted to €10,346 million (€9,640 million at December 31, 2014), funded by equity of €6,818 million (€6,898 million at December 31, 2014) and

net financial debt of €3,528 million (€2,742 million at December 31, 2014).

Net financial debt amounted to €3,528 million (€2,742 million at December 31, 2014), an increase of €786 million, mainly reflecting:

- > an increase in short-term borrowings (€181 million) due to the increase in short-term lending to subsidiaries and associates (€395 million) and the change in the position on the current account with Enel SpA (a debtor position of €284 million at December 31, 2015 and a creditor position of €9 million at December 31, 2014), partly offset by the expiry of the period of use of a long-term revolving credit facility with Enel Finance International BV (€500 million);
- > a decrease in other current financial assets (€778 million), due mainly to the extinguishment of loans granted to 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 financial restructuring of the North American subsidiaries;
- > a decrease in other non-current financial assets (€127 million).

Equity amounted to €6,818 million. It is composed of share capital (€1,000 million), the legal reserve (€200 million), other reserves (€4,430 million), retained earnings (€1,095 million) and net income for the year (€92 million). The change compared with the previous year mainly reflects the recognition of net income (€92 million) and the distribution of dividends from 2014 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, 2015	at Dec. 31, 2014	Change
Long-term debt			
Bank borrowings	680	756	(76)
Due to related parties	1,200	1,200	-
Long-term debt	1,880	1,956	(76)
Long-term financial receivables	(154)	(27)	(127)
Net long-term debt	1,726	1,929	(203)
Short-term debt			
Short-term portion of long-term borrowings	76	55	21
Short-term bank borrowings	76	55	21
Other short-term financial payables	1,749	1,568	181
Other short-term debt	1,749	1,568	181
Other short-term financial receivables	(13)	(791)	778
Cash with banks and short-term securities	(10)	(19)	9
Cash and cash equivalents and short-term financial receivables	(23)	(810)	787
Net short-term financial debt	1,802	813	989
NET FINANCIAL DEBT	3,528	2,742	786

Net financial debt amounted to €3,528 million (€2,742 million at December 31, 2014), an increase of €786 million, mainly reflecting an increase of €181 million in other short-term debt in respect of the Enel Group and a decline

of €787 million in cash and cash equivalents and short-term financial receivables.

Net long-term debt amounted to €1,726 million, a decrease of €203 million on the previous year.

Cash flows

Millions of euro

	2015	2014	Change
Cash and cash equivalents at the beginning of the year	19	9	10
Cash flows from operating activities	333	413	(80)
Cash flows from investing activities	(811)	(302)	(509)
Cash flows from financing activities	469	(101)	570
Cash and cash equivalents at the end of the year	10	19	(9)

Cash flows from operating activities were a positive €333 million, down €80 million compared with 2014 (€413 million). The change reflects greater cash requirements associated with the change in working capital between the two periods.

Cash flows from investing activities used cash in the amount of €811 million, up €509 million compared with 2014 (€302 million).

Cash flows were used in equity investments in the amount of €559 million (€241 million at December 31, 2014) and in property and plant and equipment in the amount of €238 million (€269 million in 2014).

Cash flows from financing activities generated cash in the amount of €469 million, a change of €570 million compared with 2014 (€101 million in cash absorbed).

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	
	2015	2014	at Dec. 31, 2015	at Dec. 31, 2014
Separate financial statements - Enel Green Power SpA	92	431	6,818	6,898
Carrying amount and impairment adjustments of consolidated equity investments and equity investments accounted for using the equity method	8	(56)	(9,782)	(8,877)
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	240	121	10,484	9,159
Intercompany dividends	(55)	(113)	-	-
Consolidation differences at the Group consolidation level	(119)	(24)	453	655
Total Group	166	359	7,973	7,835
Total non-controlling interests	98	81	1,657	1,094
CONSOLIDATED FINANCIAL STATEMENTS	264	440	9,630	8,929

Analysis of sustainability indicators

This section presents and analyzes Enel Green Power's sustainability performance indicators. The indicators are presented in relation to the various components that contribute to the creation of shared value within the Group.

Governance and ethics

The Board of Directors of Enel Green Power SpA has ten directors, including six independent directors (in accordance with the Corporate Governance Code for listed companies). Women represent 40% of the membership of the Board of Directors, while the number of directors under 50 years of age has increased from three to four.

In accordance with the provisions of the Corporate Governance Code for listed companies, at least once a year the Company conducts an assessment of the operation of the Board and its committees, their size and their composition, taking account of aspects such as professional characteristics, experience and time in the position.

Number

	2015	2014	Change
Number of directors by gender	10	10	-
Men	6	7	(1)
Women	4	3	1

Number

	2015	2014	Change
Number of directors by age group	10	10	-
Under 30	-	-	-
From 30 to 50	4	3	1
Over 50	6	7	(1)

Number

	2015	2014	Change
Independent directors	6	6	-

Number

	2015	2014	Change
Directors holding other positions	1	1	-

Percentages

	2015	2014	Change
Average attendance of directors at Board meetings	95.8	95.6	0.2

As regards controls concerning the application of the Code of Ethics, in 2015 five reports of alleged violations of the Code were submitted compared with six reports in 2014.

The Audit Department of Enel Green Power, with the support of the company departments involved, investigated the reports and three cases of misconduct were found.

Number

	2015	2014	Change
Reports received of alleged violations of the Code of Ethics, by category of stakeholder	5	6	(1)
Internal stakeholders	2	2	-
External stakeholders	1	2	(1)
Anonymous	2	2	-

Number

	2015	2014	Change
Reports received of alleged violations of the Code of Ethics, by harmed or potentially harmed stakeholder	5	6	(1)
Shareholders	2	1	1
Lenders	-	-	-
Customers	-	-	-
Employees	-	2	(2)
General public	-	1	(1)
Suppliers	3	2	1

Number

	2015	2014	Change
Reports received, by status	5	6	(1)
Reports received, under assessment	1	-	1
Reports received, no violation found	1	4	(3)
Reports received, violation found	3	2	1

Number

	2015	2014	Change
Violations of the Code of Ethics confirmed, by stakeholder harmed	3	2	1
Shareholders	1	-	1
Lenders	-	-	-
Customers	-	-	-
Employees	-	2	(2)
General public	-	-	-
Suppliers	2	-	2

Number

	2015	2014	Change
Violations of the Code of Ethics confirmed concerning cases of:	3	2	1
Corruption	2	-	2
Mobbing	-	-	-
Discrimination:	-	-	-
- by gender	-	1	(1)
- by disability	-	-	-
Misuse of company vehicles/property	-	-	-
Human rights	-	-	-
Other	1	1	-

Regarding the Group's involvement in litigation, in 2015 Enel Green Power was involved in 687 legal proceedings, mainly in civil, administrative and labor law. These proceedings con-

cerned the areas of Europe and North Africa (67%), Latin America (32%), and North America (1%).

Number

	2015	2014	Change
Total new litigation	66	153	(87)

Number

	2015	2014	Change
Litigation pending, by geographical area	687	659	28
Europe and North Africa	462	479	(17)
Latin America	220	174	46
North America	5	6	(1)
Sub-Saharan Africa and Asia	-	-	-

Number

	2015	2014	Change
Litigation with suppliers	23	25	(2)

Number

	2015	2014	Change
Litigation for environmental issues	34	39 ⁽¹²⁾	(5)

Number

	2015	2014	Change
Litigation with employees ⁽¹³⁾	128	113	15

(12) The 2014 figure has been updated in 2015.

(13) This figure includes all labor disputes including those brought by contractors' employees.

Number			
	2015	2014	Change
Antitrust and regulatory litigation	10	22	(12)

Number			
	2015	2014	Change
Recurring litigation/class actions, by geographical area	80	78	2
Europe	77	74	3
Latin America	3	4	(1)
North America	-	-	-
Sub-Saharan Africa and Asia	-	-	-

Productive capital

Number			
	2015	2014	Change
Qualified suppliers ⁽¹⁴⁾	3,461	3,627	(166)

Number			
	2015	2014	Change
Suppliers with a new contract during the year	7,450	7,595	(145)

As regards procurement decisions, Enel Green Power has developed a Green Procurement plan that sets specific environmental requirements for certain merchandise categories, calling for the procurement of products and services that are more environmentally-friendly than others used for the same purpose. In 2015, green procurement accounted for

35.2% of procurement expenditure in Italy.

Fuel purchases decreased by €7.6 million compared with 2015, while the purchase of materials and services increased by €371.1 million.

Millions of euro			
	2015	2014	Change
Fuel purchases	24.3	31.9	(7.6)
Gas	0.0142	0.0004	0.0138
Fuel oil	1.6	1.7	(0.1)
Biomass	10.9	30.2	(19.3)
Services	11.8	0.0	11.8

(14) Since Enel Green Power is an Enel Group company, it uses Enel SpA's qualification system.

Millions of euro

	2015	2014	Change
Purchases of materials and services	2,869.4	2,498.3	371.1
Supplies	714	887	(173)
Works	655.9	728.4	(72.5)
Services	1,499.5	882.9	616.6

The percentage of Enel Green Power's expenditure with local suppliers increased by 1% (to 85.7%) compared with 2014. Also, in 2015, there was a majority of local suppliers ⁽¹⁵⁾ with

contracts worth over €1 million: 210 local suppliers compared with 36 foreign suppliers.

Percentages

	2015	2014	Change
Percentage of expenditure with local suppliers	85.7	84.7	1
Percentage of expenditure with foreign suppliers	14.3	15.3	(1)

Millions of euro

	2015	2014	Change
Expenditure with local suppliers with contracts of >€1 million	2,183.3	1,862.5	320.8
Expenditure with foreign suppliers with contracts of >€1 million	364.4	336.2	28.2

In order to reduce the use of paper with a view to enhancing environmental sustainability, the Enel Group promotes the use of digital processes with its suppliers for qualifying/registering, managing tenders and issuing contracts.

Percentages

	2015	2014	Change
Online tenders ⁽¹⁶⁾	13.4	13.3	0.1

Percentages

	2015	2014	Change
Online purchases out of the total number of purchases ⁽¹⁷⁾	13.3	12.1	1.2

Percentages

	2015	2014	Change
Volumes purchased without a tender	24.5	31.6	(7.1)

Percentages

	2015	2014	Change
Purchases with leading 15 suppliers	51.7	58.4	(6.7)

(15) Local suppliers' are suppliers with their registered office in the country in which the contract was issued.

(16) Online tenders represents the number of online tenders out of the total number of tenders awarded. When Italy is considered alone, this figure reaches 96%.

(17) Online purchases are the value of the online tenders out of the total value of tenders awarded. When Italy is considered alone, this figure reaches 96%.

In 2015, the number of external contractors working at Enel Green Power increased substantially (+63.5%) as well as the total number of contractor days involved in construction, operations and maintenance (+63.5%).

This increase is due to an increase in the number of sites under construction compared with 2014 and an increase of the number of operating plants.

FTE

	2015	2014	Change
Workforce of contractors	11,336	6,932	4,404

Number

	2015	2014	Change
Days worked by employees of contractors and subcontractors	2,975,729	1,819,621	1,156,108
in construction	2,391,014	1,324,106	1,066,908
in operations	175,415	148,655	26,760
in maintenance	409,300	346,860	62,440

In 2015, Enel Green Power continued to pursue its commitment to health, safety, the environment and quality. This commitment was confirmed through UNI EN ISO 14001 and OHSAS 18001 certifications, both of which covered 98% of the Group's activities, a slight reduction compared with 2014 due to the inclusion of new countries within the range of its activities for which the certification process is currently underway.

In 2015, the ISO 9001 certification was extended to new countries within the scope of the Group's activities and quality certification was obtained for headquarters staff, Spain

Greece, Panama, Mexico, Guatemala, Romania, Chile, Costa Rica and South Africa (limited to engineering and construction). Steps will now be taken to extend quality certification to all the remaining Enel Green Power countries, beginning with Italy, Colombia, Peru, Brazil and Uruguay.

Regarding the EU Eco Management and Audit Scheme (EMAS), which certifies only geothermal operations in Italy, coverage was slightly reduced compared with 2014 due to an increase in global installed capacity while the scope of operations was unchanged.

Percentages

	2015	2014	Change
ISO 14001 compliance	98	100	(2)

Percentages

	2015	2014	Change
OHSAS 18001 Certification	98	100	(2)

Percentages

	2015	2014	Change
EMAS registration ⁽¹⁸⁾	7	8	(1)

(18) This figure only refers to geothermal operations in Italy.

The Enel Green Power Group's commitment to the health and safety of its employees and those of its subcontractors was reflected in an 11% increase in investments⁽¹⁹⁾ in safety from €59.1 million in 2014 to around €65.6 million. The average investment in safety per employee amounted to around €17 thousand (+4% compared with 2014).

Investments included training and information, communica-

tion, health monitoring, purchasing and managing personal safety equipment, medical units, studies and research.

Particular emphasis was placed on health and safety training, which, in 2015, amounted to a total of nearly 61 thousand hours (+15.7% compared with 2014).

Millions of euro

	2015	2014	Change
Total investments in safety	65.6	59.1	6.5

Euro

	2015	2014	Change
Investment in safety per employee	17,096	16,436	660

Number

	2015	2014	Change
Hours of employee health and safety training	60,459	52,237	8,222

Percentages

	2015	2014	Change
Contractors and subcontractors who received health and safety training ⁽²⁰⁾	100	100	-

During the year, there were no serious or fatal accidents involving employees of Enel Green Power. However, there was an increase of non-serious accidents, from three to five, which could be due to an increase in the number of construction sites and in the number of plants in operation. There was an increase in the number of accidents involving employees of contractors from 11 to 18, one of which was

serious. Consequently, the number of days lost to injuries increased from 48 in 2014 to 62 in 2015.

However, the lost day rate of employees of contractors was reduced in 2015 because there was one fewer serious accident than in 2014.

Number

	2015	2014	Change
Workplace accidents involving employees	5	3	2
of which not serious	5	3	2
of which serious ⁽²¹⁾	-	-	-
of which fatal	-	-	-

(19) Including costs and investments.

(20) Training provided by contractors to their employees.

(21) A "serious injury" is an injury for which the initial prognosis for recovery is greater than 30 lost workdays.

Number

	2015	2014	Change
Workplace accidents involving employees of contractors	18	11	7
of which not serious	17	9	8
of which serious	1	2	(1)
of which fatal	-	-	-

Number

	2015	2014	Change
Workplace accidents involving employees and employees of contractors	23	14	9
of which not serious	22	12	10
of which serious	1	2	(1)
of which fatal	-	-	-

Index

	2015	2014	Change
Accident frequency rate⁽²²⁾ (lost-time injuries frequency rate – LTIFR)			
Employees	0.14	0.09	0.05
Employees of contractors	0.15	0.15	0
Employees and employees of contractors	0.15	0.13	0.02

Index

	2015	2014	Change
Lost Day Rate⁽²³⁾			
Employees	2.15	1.40	0.75
Employees of contractors	1.83	4.05	(2.22)
Employees and employees of contractors	1.91	3.18	(1.27)

Number

	2015	2014	Change
Days lost to employee injuries	79	48	31

Intellectual capital

In 2015, investment⁽²⁴⁾ in innovation to improve the performance of existing technology, implementing new technology and integrating renewable energy plants in urban environments, amounted to around €12.06 million. The decline of €4.8 million in investments compared with 2014 is mainly ascribable to the normal cyclical nature of investments, particularly as regards to geothermal technology. Indeed, investments in other technology essentially remained in line with 2014.

More specifically, as regards geothermal technology, construction of the geothermal plants in Cornia (Italy) and Stillwater (USA) was completed in 2014. In addition, the preparatory phase of the Descramble project was carried out in 2015; its financial impact will be mainly reflected in the accounts in 2016-2017.

The reduction in photovoltaic expenditure (-€1.9 million) was due to the completion of the Archetype project and the concomitant launching of a number of projects, such as the La

(22) [(no. of accidents / hrs. worked) * 200,000].

(23) [(no. of days lost per accident / hrs. worked) * 200,000].

(24) Includes expenses and investments.

Silla project in Chile, whose financial effects will be reflected in 2016.

The increase in expenditure on marine technology mainly reflected the installation and testing of the first marine genera-

tors, which began in 2015 and will continue throughout 2016. Expenditure on storage technology increased by €4.1 million, mainly reflecting the completion in 2015 of the first two on-grid energy storage systems.

Millions of euro

	2015	2014	Change
Investment in innovation by technology	12.06	16.9	(4.8)
Hydroelectric	-	-	-
Geothermal	1	7.7	(6.7)
Wind	0.79	0.6	0.19
Biomass and biodegradable fraction of waste	-	0.01	(0.01)
Photovoltaic	1.38	3.3	(1.92)
Marine	0.37	0.1	0.27
Storage	7.05	3	4.05
Other	1.46	2.2	(0.74)

Number

	2015	2014	Change
Innovation staff	40	11	29

Number

	2015	2014	Change
Number of projects launched and managed by the Innovation Department	39	36	3
Of which launched during the year	28	7	21

In 2015, the Innovation Department underwent a sweeping reorganization that entailed an increase in the number of staff employed. The department organized into three main units: Innovative Business Opportunities, Partnerships and Startups and a cross-cutting Open Innovation, Planning and

Reporting Function.

The sharp increase in the number of projects launched partially reflects the new structural organization, which improved the Department's efficiency.

Number

	2015	2014	Change
Number of innovation partnership signed	19	14	5
Of which launched during the year	8	8	-

Number

	2015	2014	Change
Number of projects assessed through Scouting&Selection, by technology	481	111	370
Hydroelectric and Marine	40	26	14
Geothermal	40	2	38
Wind	76	16	60
Biomass and biodegradable fraction of waste	6	4	2
Photovoltaic	172	28	144
Other ⁽²⁵⁾	147	35	112

The sharp increase in scouting activities reflects the new organizational structure and the new “funnel-based” scouting process. This process, consistent with Enel Group’s Open Innovation approach, capitalized on the Group’s successful

crowdsourcing platform and the launching of the innovation competition in addition to scouting a considerable number of startups.

Human capital

At December 31, 2015 the Enel Green Power Group employed 4,309 people, an increase of 19.4% compared with 2014. The increase primarily reflects the reorganization of the various business areas, which included, inter alia, the crea-

tion of the Sub-Saharan and Asia Area, and an increase in the workforce in the Europe and North Africa area ⁽²⁶⁾ (+16%) and Latin America (+19.4%). In addition, almost 100% of employees are on permanent contracts.

Number

	2015	2014	Change
Workforce by geographical area ⁽²⁷⁾	4,309	3,609	700
Europe and North Africa	2,779	2,392	387
Latin America	1,045	875	170
North America	365	342	23
Sub-Saharan Africa and Asia	120	-	120

Percentages

	2015	2014	Change
Workforce by geographical area	100	100	-
Europe and North Africa	65	66	(1)
Latin America	24	24	-
North America	8	10	(2)
Sub-Saharan Africa and Asia	3	-	3

(25) Including Storage.

(26) The change for Europe is due to new companies having joined the Group.

(27) At 22 October, 2015, the Group adopted the following organizational structure:

- Europe and North Africa, which includes North Africa and the countries previously included in the Europe Area;
- Latin America;
- North America;
- Sub-Saharan Africa and Asia, which includes India and South Africa, previously included in the Europe Area.

As regards occupational categories, there has been an increase in the number of office staff (+26%) and blue-collar workers (+13%).

	Balance at Dec. 31, 2014	Hirings	Terminations	Enel Group transfers	Change in scope	Other transfers	Closing balance at Dec. 31, 2015
Europe and North Africa	2,392	124	(67)	89	305	(34)	2,779 ⁽²⁸⁾
Latin America	875	289	(119)	-	-	-	1,045
North America	342	85	(62)	-	-	-	365
Sub-Saharan Africa and Asia	-	59	(4)	-	35	-	120 ⁽²⁹⁾
Total	3,609	557	(252)	89	340		4,309

Percentages

	2015	2014	Change
Turnover rate ⁽³⁰⁾	5.8	13.5	(7.7)

Number

	2015	2014	Change
Employees seconded abroad	73	71	2

Thousands of hours

	2015	2014	Change
Total number of training hours	161	153.1	7.9

Number

	2015	2014	Change
Total number of training hours per employee	39	42.6	(3.6)

Millions of euro

	2015	2014	Change
Investment in training	3.6	3.3	0.3

Women make up 20% of the Enel Green Power workforce and hold 23.5% of all middle or senior management positions.

Number

	2015	2014	Change
Workforce by gender	4,309	3,609	700
Men	3,438	2,904	534
Women	871	705	166

(28) Net of personnel in South Africa, who were transferred to the Sub-Saharan Africa and Asia area.

(29) Includes personnel in South Africa, who were previously classified in the Europe area.

(30) Turnover rate = (total terminations / total employees).

Percentages

	2015	2014	Change
Workforce by gender	100	100	-
Men	80	80.5	(0.5)
Women	20	19.5	0.5

Percentages

	2015	2014	Change
Women in middle or senior management positions, percentage of total such positions	23.5	24.4	(0.9)

Years

	2015	2014	Change
Average age	39.7	40	(0.3)

Number

	2015	2014	Change
Workforce by age group:	4,309	3,609	700
under 30	736	668	68
from 30 to 50	2,569	2,036	533
over 50	1,004	905	99

Percentages

	2015	2014	Change
Workforce by age group:	100	100	-
under 30	17	19	(2)
from 30 to 50	60	56	4
over 50	23	25	(2)

Natural capital

The total amount of waste produced in 2015 was substantially in line with the previous year. More specifically, in 2015, non-hazardous waste was reduced, hazardous waste increased substantially.

This was mainly attributable to the cleaning of the basins of the cooling towers, which led to the treatment of the ensuing sludges classified as hazardous waste.

Metric tons

	2015	2014	Change
Total waste produced	85,603	84,200.6	1,402.4
Hazardous waste, of which:	30,205.3	12,282.6	17,922.8
recycled	25,563.5	10,984.5	14,579.0
treated	4,641.8	1,298.1	3,343.7
Non-hazardous waste, of which:	55,397.7	71,918 ⁽³¹⁾	(16,520.3)
recycled	42,016.6	58,467.5	(16,450.9)
treated	13,381.0	13,450.5	(69.5)

Percentages

	2015	2014	Change
Recycled waste	79	82	(3)

Metric tons

	2015	2014	Change
Waste produced during construction	140,711	41,944	98,767
Hazardous waste	89,289	32,975	56,314
Non-hazardous waste	51,422	8,969	42,453

The volume of CO₂ emissions is an indicator of the environmental benefits from generating electricity from renewable

sources. In 2015, the avoided emissions amounted to 22.4 million metric tons, a 7% increase compared with 2014.

Thousands of metric tons

	2015	2014 ⁽³²⁾	Change
CO₂ emissions avoided	22,396	20,912	1,484
Hydroelectric	6,528.6	6,944.9	(416.3)
Geothermal	3,442.7	3,308.2	134.5
Wind	11,775.8	10,292	1,483.8
Biomass and biodegradable fraction of waste	141.8	82.6	59.2
Photovoltaic	507.1	284.3	222.8

(31) The total for non-hazardous waste has been corrected from the amount reported in the Annual Report 2014 (72,010.5 metric tons). As a result, the total for waste produced in 2014 decreased by 92.5 metric tons.

(32) The 2014 figures have been recalculated using the calculation methods adopted for the 2015 figures. For further details see "Definition of selected sustainability indicators".

Greenhouse emissions generated by some of the operations of the Group that require the direct or indirect use of electricity have remained substantially in line with 2014.

Metric tons			
	2015	2014	Change
Net emissions of greenhouse gases	917	1,021	(104)

Net g /kWh eq.			
	2015	2014	Change
Specific emissions of greenhouse gases	0.03	8.80	(8.77)

Metric tons			
	2015	2014	Change
Net emissions of NO _x	524	488	36

Net g /kWh eq.			
	2015	2014	Change
Net specific emissions of NO _x	0.09	4.21	(4.12)

Metric tons			
	2015	2014	Change
Emissions of SO ₂	1.2	1.1	0.1

Net g/kWh eq.			
	2015	2014	Change
Net specific emissions of SO ₂	0.01	0.01	-

Metric tons			
	2015	2014	Change
Net emissions of particulates	0.9	0.8	0.1

Emissions of hydrogen sulfide (H₂S), a typical feature of geothermal activities, decreased by 24% compared with 2014. This was the result of the installation in all geothermal

plants of the abatement of mercury and hydrogen sulfide emissions system (AMIS), patented by Enel Green Power.

Metric tons			
	2015	2014	Change
Emissions of H ₂ S	5,606	7,366	(1,760)

g/kWh			
	2015	2014	Change
Net specific emissions of H ₂ S	0.90	1.20	(0.30)

Metric tons of CO₂ equivalent

	2015	2014	Change
Emissions of SF ₆	4,173	1,205	2,968

Metric tons of CO₂ equivalent

	2015	2014	Change
Specific emissions of SF ₆	0.12	0.06	0.06

In 2015, water withdrawal for production needs amounted to around 39 thousand cubic meters, mainly for the generation of electricity from biomass.

Thousands of cubic meters

	2015	2014	Change
Water withdrawals	38.9	37.9	1.0
surface water (rainwater)	0.4	-	0.4
subsurface water (wells)	37	36.3	0.7
public water supply	1.5	1.6	(0.1)

Thousands of cubic meters

	2015	2014	Change
Water withdrawals by technology	38.9	37.9	1.0
Hydroelectric	-	-	-
Geothermal	1.8	2.9	(1.1)
Wind	-	-	-
Biomass	37.1	35	2.1
Photovoltaic	-	-	-

Cubic meters/kWh

	2015	2014	Change
Specific water withdrawals by technology	0.184	0.301	(0.117)
Hydroelectric	-	-	-
Geothermal	0.0003	0.0010	(0.0007)
Wind	-	-	-
Biomass	0.1837	0.3000	(0.1163)
Photovoltaic	-	-	-

In addition to its commitment to prevention through investments in plant maintenance and employee training, Enel Green Power took steps to improve its emergency response and management capabilities to cope with accidental spills

of oil/fuels during plant construction and operation. Due to these measures, the trend in the reduction of major spills continued in 2015 and is reflected by a 19% reduction compared with 2014.

Number			
	2015	2014	Change
Major oil spills	17	21	(4)
Risks of pollution	-	-	-

MWh			
	2015	2014	Change
Direct electric energy consumption ⁽³³⁾	3,450	3,696	(246)

TJ			
	2015	2014	Change
Direct electric energy consumption for civil uses	1,258	1,302	(44)

In 2015 there were several projects to protect biodiversity and the areas where the Group's plants are located.

Number			
	2015	2014	Change
Projects to protect biodiversity:			
launched	30	3	27
terminated	32	8	24
current	56	34	22
of which in protected areas	36	25	11

(33) This figure only refers to Operation & Maintenance activities (O&M).

Performance and financial position by segment

As from October 22, 2015, the Enel Green Power Group has adopted the following organizational structure:

- > Europe and North Africa, which includes North Africa, as well as the countries previously included in the Europe area;
- > Latin America;
- > North America;
- > Sub-Saharan Africa and Asia, which includes India and South Africa, previously included in the Europe area.

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 re-

sults 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 2015 and 2014 as represented 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.

Performance by business area

2015

Millions of euro	Continuing operations					Discontinued operations		TOTAL
	Europe and North Africa	Latin America	North America	Sub-Saharan Africa and Asia	Eliminations and adjustments	Total	Retail	
Revenue from third parties including commodity contracts measured at fair value	1,790	650	532	14	-	2,986	-	2,986
Revenue from transactions with other segments	72	-	-	-	(72)	-	-	-
Total revenue including commodity contracts measured at fair value	1,862	650	532	14	(72)	2,986	-	2,986
Gross operating margin	1,105	364	352	5	-	1,826	-	1,826
Depreciation, amortization and impairment losses	740	115	184	2	-	1,041	-	1,041
Operating income	365	249	168	3	-	785	-	785
Capital expenditure	316	1,548	286	312	-	2,462	-	2,462

Millions of euro	Continuing operations					Discontinued operations		TOTAL
	Europe and North Africa	Latin America	North America	Sub-Saharan Africa and Asia	Eliminations and adjustments	Total	Retail	
Revenue from third parties including commodity contracts measured at fair value	2,061	538	394	3	-	2,996	-	2,996
Revenue from transactions with other segments	65	-	-	-	(65)	-	-	-
Total revenue including commodity contracts measured at fair value	2,126	538	394	3	(65)	2,996	-	2,996
Gross operating margin	1,465	202	276	(1)	-	1,942	(4)	1,938
Depreciation, amortization and impairment losses	734	60	127	-	-	921	-	921
Operating income	731	142	149	(1)	-	1,021	(4)	1,017
Capital expenditure	371	926	308	24	-	1,629	-	1,629

Change

Millions of euro	Continuing operations					Discontinued operations		TOTAL
	Europe and North Africa	Latin America	North America	Sub-Saharan Africa and Asia	Eliminations and adjustments	Total	Retail	
Revenue from third parties including commodity contracts measured at fair value	(271)	112	138	11	-	(10)	-	(10)
Revenue from transactions with other segments	7	-	-	-	(7)	-	-	-
Total revenue including commodity contracts measured at fair value	(264)	112	138	11	(7)	(10)	-	(10)
Gross operating margin	(360)	162	76	6	-	(116)	4	(112)
Depreciation, amortization and impairment losses	6	55	57	2	-	120	-	120
Operating income	(366)	107	19	4	-	(236)	4	(232)
Capital expenditure	(55)	622	(22)	288	-	833	-	833

Europe and North Africa

Operations

Net installed capacity and electricity generation

	Net installed capacity (MW)			Number of plants in operation		
	at Dec. 31, 2015	at Dec. 31, 2014	Change	at Dec. 31, 2015	at Dec. 31, 2014	Change
Hydroelectric	1,577	1,575	2	303	302	1
Geothermal	761	761	-	34	34	-
Wind	3,076	3,201	(125)	147	159	(12)
Solar	163	259	(96)	52	82	(30)
Biomass	38	39	(1)	6	5	1
Total	5,615	5,835	(220)	542	582	(40)
- Italy	3,026	3,115	(89)	380	407	(27)
- Iberia	1,704	1,836	(132)	97	110	(13)
- Romania	534	534	-	13	13	-
- Greece	308	308	-	50	50	-
- Bulgaria	43	42	1	2	2	-

Net installed capacity fell by 220 MW compared with 2014, essentially due to the disposal of wind capacity in Portugal (126 MW) and the deconsolidation of a part of solar capacity

(102 MW) following its contribution to the new Italian joint venture known as Ultor.

	Net electricity generation (GWh)			Average installed capacity (MW)		
	2015	2014	Change	2015	2014	Change
Hydroelectric	6,073	7,352	(1,279)	1,575	1,574	1
Geothermal	5,809	5,547	262	761	730	31
Wind	7,010	7,349	(339)	3,323	3,377	(54)
Solar	334	298	36	259	242	17
Biomass	202	116	86	40	24	16
Total	19,428	20,662	(1,234)	5,958	5,947	11
- Italy	13,052	14,108	(1,056)	3,126	3,084	42
- Iberia	4,384	4,359	25	1,957	1,821	136
- Romania	1,330	1,268	62	534	534	-
- Greece	572	497	75	299	290	9
- France	-	347	(347)	-	176	(176)
- Bulgaria	90	83	7	42	42	-

In 2015 electricity generation showed a decrease of 1,234 GWh compared with 2014 (20,662 GWh), mostly due to the decreased availability of water in Italy (1,223 GW) and to the disposal of wind capacity in France (347 GWh). This was partly offset by an increase in power generation from

geothermal sources in Italy (262 GWh) and solar power in Greece and Romania (40 GWh), from biomass in Spain (74 GWh) and from wind power in Romania (51 GWh), Greece (64 GWh) and Bulgaria (7 GWh) due to increased availability of the resource.

Plants not yet in operation

Plants under construction						
	MW			Number of plants		
	at Dec. 31, 2015	at Dec. 31, 2014	Change	at Dec. 31, 2015	at Dec. 31, 2014	Change
Hydroelectric	11	-	11	13	-	13
Wind	8	20	(12)	1	2	(1)
Biomass	15	21	(6)	2	5	(3)
Total	34	41	(7)	16	7	9
- Italy	34	41	(7)	16	7	9

The main plants under construction in Italy include projects in the biomass, wind and hydroelectric sectors (the most significant ones being the Finale Emilia 15 MW biomass project and the Barile Venosa 8 MW wind project).

Plants authorized						
	MW			Number of plants		
	at Dec. 31, 2015	at Dec. 31, 2014	Change	at Dec. 31, 2015	at Dec. 31, 2014	Change
Hydroelectric		8	(8)		12	(12)
Wind	154	-	154	7	-	7
Biomass	2	-	2	7	-	7
Total	156	8	148	14	12	2
- Italy	2	8	(6)	7	12	(5)
- Greece	154	-	154	7	-	7

The main plants authorized in Italy involve biomass projects. The most significant plant authorized in Europe is a wind plant in Greece (Kafireas 154 MW).

Performance and financial position

Millions of euro

	2015	2014	Change
Revenue from third parties including commodity contracts measured at fair value	1,790	2,061	(271)
Revenue from transactions with other segments	72	65	7
Total revenue including commodity contracts measured at fair value	1,862	2,126	(264)
Gross operating margin	1,105	1,465	(360)
Operating income	365	731	(366)
Workforce at year end (count)	2,779	2,362	417
Operating capital expenditure	316	371	(55)

Performance in 2015

Revenue from third parties, including commodity contracts amounted to €1,790 million, showing a decrease of €271 million compared with 2014 (€2,061 million) reflecting

a decline in revenue from the sale of electricity (€162 million), mostly ascribable to Italy (€169 million) due to the decrease in hydroelectric generation, and the reduction in other revenue (€109 million) due to a contraction in revenue from disposal of investments.

Other revenue in 2015 (€209 million) mainly reflects the effect of the acquisition of control of 3Sun (€117 million), the recognition of the indemnity in the agreement with STM (€12 million) and the gain on the sale of Portuguese operations (including the effect of the consolidation of ENEOP) (€29 million). Other revenue in 2014 (€318 million) mainly reflected the effect of the disposal of equity investments (LaGeo for €123 million and Enel Green Power France for €31 million) and the recognition of the indemnity in the agreement with Sharp on the off-take of the output of the 3Sun plant (€95 million).

The **gross operating margin** amounted to €1,105 million, down €360 million compared with 2014 (€1,465 million). The variation reflects the contraction in revenue outlined above, the increase in operating expenses due to stipulat-

ed agreements for the early retirement of personnel in Italy (€48 million) and the increase in operating expenses mainly related to the acquisition of control of 3Sun (€29 million).

Operating income amounted to €365 million, a decrease of €366 million compared with 2014 due to a decline in the gross operating margin mentioned above and to an increase in impairment losses recorded in the course of the year.

More specifically, the change is due to the impairment on the assets held in Romania (€155 million), taking account of the continuing uncertainty in the regulatory framework and market conditions in the country, as well as writedowns recognized on a number of specific assets of 3Sun (€46 million). Moreover, in 2014 the item included the impairment loss recognized on Enel Green Power Hellas in the amount of €181 million.

Workforce at year end

Headcount

	2015	2014	Change
Europe and North Africa	2,779	2,362	417
Italy	2,395	1,972	423
Greece	88	88	-
Romania	66	62	4
Bulgaria	7	7	-
Spain	215	201	14
Portugal	-	27	(27)
Turkey	4	-	4
Netherlands	4	5	(1)

In the Europe and North Africa area there was a total net increase of 417 employees in 2015 compared with 2014 (+17.7%), most of whom in Italy, partly offset by the reduction associated with the disposal of the Portuguese companies.

Capital expenditure

Capital expenditure in 2015 amounted to €316 million

(€371 million in 2014), of which €280 million in Italy (€312 million in 2014) and €36 million in the rest of Europe (€59 million in 2014).

Capital expenditure in Italy mainly includes geothermal plants for €108 million (€161 million in 2014) and hydroelectric plants for €82 million (€77 million in 2014). In the rest of Europe, capital expenditure mainly regards the maintenance of wind plants in Spain and Greece (€18 million).

Operations of the Parent Company

Net installed capacity and electricity generation

	Net installed capacity (MW)			Number of plants in operation		
	2015	2014	Change	2015	2014	Change
Hydroelectric	1,514	1,512	2	279	279	-
Geothermal	761	761	-	34	34	-
Wind	609	610	(1)	28	28	-
Solar	24	91	(67)	14	31	(17)
Biomass	5	-	5	3	-	3
Total	2,913	2,974	(61)	358	372	(14)

Enel Green Power SpA generation assets include 358 plants installed (372 plants at December 31, 2014), for a total of 2,913 MW (2,974 MW at December 31, 2014).

The decrease in installed capacity compared with the previous year reflects the net effects of the partial transfer of the solar plants to Altomonte FV Srl, which was then contribute to the equally-held joint venture between Enel Green Power SpA and F2i SGR, the construction of two biomass plants (San Nicola da Crissa 1 and 2), the construction of the biomass section of the Cornia 2 geothermal plant and refurbishment work on hydroelectric plants.

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 1,514 MW. This entails a major commitment to ensuring the safety and maintenance of the civil and mechanical works making up the facilities.

At December 31, 2015, Enel Green Power SpA had 36 hydroelectric plants that qualify as “renewable resource powered” (IAFR) facilities under ESO (Energy Services Operator) 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; in addition, 1 plant qualified for new incentives for electricity production from renewable sources (“FER-E” as per the 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.

Of the total, 17 geothermal plants qualified 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; in addition, 3 plants qualified for new incentives for electricity production from renewable sources (“FER-E” as per the Ministerial Decree of July 6, 2012).

Wind

At December 31, 2015, Enel Green Power SpA operated 28 wind plants with a total capacity of 609 MW.

Of the total, 23 wind plants qualified 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 14 solar plants with a total installed capacity of 24 MW.

Most solar plants qualify for the subsidized rate mechanism (the “Energy Account” system).

	Electricity generation (GWh)			Average installed capacity (MW)		
	2015	2014	Change	2015	2014	Change
Hydroelectric	5,973	7,197	(1,224)	1,513	1,512	1
Geothermal	5,808	5,548	260	761	730	31
Wind	912	1,010	(98)	609	609	-
Solar	89	112	(23)	74	91	(17)
Biomass	12	-	12	2	-	2
Total	12,794	13,867	(1,073)	2,959	2,942	17

Overall, electricity generation fell by 7.7% mainly due to reduced output from hydroelectric, wind and solar sources, showing a decrease of 17%, 9.7% and 20.4% respectively, caused by reduced availability of resources and the transfer

of part of our solar assets to Altomonte FV Srl. Generation from geothermal sources increased by 4.7% mainly due to the output from plants installed in 2014.

Plants not yet in service

Technology	Plants under construction						Plants authorized					
	MW			Number of plants			MW			Number of plants		
	2015	2014	Change	2015	2014	Change	2015	2014	Change	2015	2014	Change
Wind	8	20	(12)	1	2	(1)	-	-	-	-	-	-
Biomass	-	6	(6)	1	3	(2)	2	-	2	7	-	7
Hydroelectric	11	-	11	13	3	10	-	7	(7)	-	12	(12)
Geothermal	-	-	-	-	-	-	-	-	-	-	-	-
Total	19	26	(7)	15	8	7	2	7	(5)	7	12	(5)

Plants under construction mostly consist of the Barile Venosa wind project (8 MW) and a number of hydroelectric plants under refurbishment.

Capital expenditure of the Parent Company

Millions of euro

	2015	2014	Change
Generation plants:			
- geothermal	112	164	(52)
- hydroelectric	81	79	2
- wind	10	15	(5)
- biomass	22	6	16
- solar	11	5	6
Other capital expenditure	15	10	5
Total	251	279	(28)

Capital expenditure on geothermal plants, including capitalized borrowing costs of €13 million in 2015 (€10 million in 2014), was mainly accounted for by the construction of the new Bagnore 4 plant, which entered service in late 2014 (38

MW) and 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 that area. Work also con-

tinued with the “Steam Recovery” project, which involves the drilling of new geothermal wells and/or the restoration of existing wells in order to recover 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 2015 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 plants at San Pietro d’Orzio, Tagliuno, Ceto, Braone (Lombardy), Castel Giubileo, San Savino and Vadocusano (Lazio), Villa Potenza, Carassai and Città di Macerata (Marche), Bognanco and Alpignano (Piedmont), Arson, Caerano, Priula, Spresiano and Castelviero (Veneto), Bolognano, Triano, Lama dei Peligni and Schioppo (Abruzzo), Coscile I and Coscile II (Calabria), Ponte Annibale (Campania), Cassibile (Sicily) and maintenance of other operating plants.

ly) and maintenance of other operating plants.

Capital expenditure on solar plants mostly concerned the Interporto Campano plant (Campania).

Capital expenditure on wind plants mainly involved the completion of work at the Cutro plant in Calabria, currently in service, and the continuation of construction work at the Barile Venosa plant (Basilicata).

Capital expenditure on biomass plants primarily involved the repowering of the Cornia 2 geothermal plant in Tuscany and the completion of the Mongiana and San Nicola da Crissa plants in Calabria.

Total capital expenditure in 2015 for power generation plants brought about an increase in generation capacity of 7.0 MW (5.4 MW for biomass plants and 1.6 MW for hydroelectric plants).

Capital expenditure on generation plants totaled €236 million (€269 million in 2014) and breaks down by purpose as shown in the following table:

Millions of euro

	2015	2014	Change
Expenditure by purpose			
Renovation ⁽¹⁾	72	61	11
Maintenance ⁽²⁾	131	128	3
New plants	33	80	(47)
Total	236	269	(32)

(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

The following significant events in the Europe and North Africa area supplement those already reported in the main “Significant events” section.

Enel Green Power starts construction of new wind farm in Italy

February 20, 2015 - Enel Green Power began 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, the equivalent to the electricity needs of around 1,800 Italian households, thereby avoiding the emission of nearly 9 thousand metric tons of CO₂ 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 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.

Enel Green Power enters Turkish market after winning public solar tender

May 7, 2015 - Enel Green Power has entered the Turkish renewable energy market after being awarded, through its wholly-owned subsidiary Vektor SA, the right to enter into a contract with a subsidiary of the Turkish utility TEIAS for the supply of 23 MW of power from the Isparta solar photovoltaic project. Enel Green Power was awarded all 23 MW of the capacity tendered by TEIAS in a public auction for the Isparta region of south-western Turkey. The electricity produced by the Isparta solar park will be sold to a subsidiary of TEIAS under the government's feed-in-tariff system. The Isparta facility, which is expected to be completed and enter service in 2018, will be able to generate more than 35 GWh per year once fully operational, significantly contributing to meeting the rising demand for energy in Turkey with an environmentally sustainable solution.

Enel Green Power and Tesla join forces on the development of batteries in solar and wind plants

May 12, 2015 - Enel Green Power and Tesla finalized an agreement for the testing of the integration of Tesla's stationary energy storage systems with Enel Green Power's solar and wind plants. The deal seeks to increase output from Enel Green Power facilities and supply advanced services for better overall integration of renewables into the grid. The companies will begin their collaboration with the selection of an initial pilot site, where a Tesla battery system, which has a power output capacity of 1.5 MW and energy storage capacity of 3 MWh, will be installed. The agreement is part of a broader Memorandum of Understanding between the two companies that provides for both the integration of Tesla energy systems into Enel's business and the development of electric mobility. The agreement falls within Enel Green Power's broader program for the testing of stationary storage systems, which includes pilot projects at the advanced execution stage that involve other major global players in the sector, such as Fiamm, General Electric, Samsung SDI and Toshiba.

Enel Green Power brings online world's first integrated geothermal and biomass plant in Tuscany

July 27, 2015 - Enel Green Power brought online the world's first biomass plant used to heat geothermal steam at the

Cornia 2 geothermal power plant, which is located in Castelnuovo Val di Cecina in Tuscany. The project will increase both the energy efficiency and the power output of the geothermal cycle. The existing geothermal plant has been joined by a small power plant fueled by virgin forest biomass sourced from within a radius of 70 km of the facility: using the biomass, the steam entering the power plant is heated from an initial temperature of between 150° and 160° Celsius to 370°-380° Celsius, increasing the net electricity generation capacity thanks to both the increased enthalpy of the steam and the improved efficiency of the cycle, the latter of which is due to lower moisture levels during generation. Enel Green Power invested more than €15 million in the project. The new plant is technologically innovative because it has close to zero impact on the environment, enhances an existing industrial plant and maintains the total renewability of both the resource and the cycle, combining two renewable resources in a system with potential for future international development.

The new 5 MW facility is expected to increase the geothermal plant's output by more than 30 GWh per year while avoiding the annual emission of over 13 thousand metric ton of CO₂. There will also be a substantial impact on employment, with an additional 35 to 40 direct and indirect jobs in sourcing the local biomass being generated. Other benefits include the efficient use of agricultural and agro-industrial by-products, the optimal maintenance of forest resources with the consequent reduction in hydrogeological risk, the sustainable development of energy crops and the production of significant levels of cogenerated heat.

Enel Green Power inaugurates Italy's first storage facility for renewables

September 23, 2015 - Enel Green Power inaugurated the first power storage facility for renewable energy plants in Italy in Catania, Sicily. The 1 MW/2 MWh storage system was connected to Enel Green Power's 10 MWp Catania 1 photovoltaic plant. The storage system, which is an integral part of Catania 1, will increase flexibility in management of the power plant and smooth electricity flows, reducing the intermittence that often affects certain renewable sources, while at the same time providing auxiliary services to the grid. The Catania storage facility uses the Durathon sodium-metal halide technology developed by General Electric, with whom Enel Green Power has signed a technology partnership agreement that envisages experimentation in order to improve grid integration of those renewable plants whose

production cannot be programmed.

The Catania storage facility, which has been undergoing testing since May 2015, enabled the first field test of the use of this battery to reduce imbalances between forecast and actual output.

In addition to the Catania storage system, the 18 MW Potenza Pietragalla wind farm, which is located in the southern Italian region of Basilicata and equipped with 2 MW/2 MWh Samsung Lithium-Ion batteries, is at an advanced stage of construction. This is the first wind farm in Italy to be combined with a storage system and connected to the high-voltage grid.

Enel Green Power's goal is to transfer the expertise it has acquired in Italy to other plants it operates around the world, implementing it on the basis of the local context and specific business opportunities. The company is assessing the possible implementation of storage systems in Europe (Romania, Spain), Latin America (Chile, Mexico, Peru) and North America, as well as in other areas of the world in which Enel Green Power is already present or is involved in business development (South Africa, Kenya).

Agreement for sustainable renewables renewal

November 3, 2015 - E2i, Enel Green Power, ERG Renew, Falck Renewables and IVPC, together with Legambiente and Anci, signed the Charter for Sustainable Wind Power Renewal. The goal of the document is to specify operational rules, application criteria, standards, procedures and best practices that will ensure the effectiveness and transparency of projects for the renewal of Italy's existing wind power park in order to create a sustainability roadmap. Through the upgrading of the plants and the use of modern technology, it is possible to reduce the number of wind turbines and generate more "green" electricity without reducing installed capacity, while offering the electricity network more technical flexibility. The Charter is founded on four key principles: the protection and making the most of natural resources in existing sites; the optimal use of each territory's resources, maximizing the use of existing infrastructure; the containment and mitigation of environmental impacts at each stage of the process; and continuity and transparency in the relationship with the area, institutions and local communities.

Latin America

Operations

Net installed capacity and net electricity generation

	Net installed capacity (MW)			Number of plants in operation		
	at Dec. 31, 2015	at Dec. 31, 2014	Change	at Dec. 31, 2015	at Dec. 31, 2014	Change
Hydroelectric	732	732	-	33	33	-
Wind	1,237	830	407	24	17	7
Solar	198	136	62	10	4	6
Total	2,167	1,698	469	67	54	13
- Panama	312	300	12	2	1	1
- Mexico	499	297	202	9	7	2
- Guatemala	163	163	-	5	5	-
- Chile	606	507	99	11	8	3
- Brazil	506	376	130	37	30	7
- Uruguay	50	-	50	1	-	1
- Costa Rica	31	55	(24)	2	3	(1)

Net installed capacity rose by 469 MW compared with 2014, mainly due to the increased wind capacity in Mexico (202 MW), Brazil (118 MW), Chile (61 MW) and Uruguay

(50 MW), and to greater solar capacity in Chile (38 MW), Panama (12 MW) and Brazil (12 MW).

	Net electricity generation (GWh)			Average installed capacity (MW)		
	2015	2014	Change	2015	2014	Change
Hydroelectric	3,504	3,188	316	732	732	-
Wind	2,929	1,238	1,691	947	430	517
Solar	277	28	249	163	27	136
Total	6,710	4,454	2,256	1,842	1,189	653
- Panama	1,661	1,125	536	307	300	7
- Mexico	1,372	845	527	433	230	203
- Guatemala	579	719	(140)	164	164	-
- Chile	1,528	955	573	570	324	246
- Brazil	1,291	595	696	298	116	182
- Uruguay	49	-	49	17	-	17
- Costa Rica	230	215	15	53	55	(2)

Power generation in 2015 essentially increased due to greater wind generation in Brazil (729 GWh), Mexico (553 GWh) and Chile (367 GWh), mostly thanks to the increase in installed capacity, as well as to greater solar generation in Chile (233 GWh). Hydroelectric generation mainly increased

due to increased water availability in Panama (527 GWh) and in Costa Rica (21 GWh), partly offset by the decrease in output in Guatemala (141 GWh), Brazil (39 GWh), Chile (26 GWh) and Mexico (26 GWh).

Plants not yet in service

	Plants under construction					
	MW			Number		
	at Dec. 31, 2015	at Dec. 31, 2014	Change	at Dec. 31, 2015	at Dec. 31, 2014	Change
Hydroelectric	152	152	-	4	4	-
Geothermal	38	-	38	1	-	1
Wind	453	403	50	5	7	(2)
Solar	572	31	541	5	3	2
Total	1,215	586	629	15	14	1
- Chile	580	79	501	8	2	6
- Mexico	229	202	27	2	2	-
- Costa Rica	50	50	-	1	1	-
- Brazil	356	193	163	4	7	(3)
- Panama	-	12	(12)	-	1	(1)
- Uruguay	-	50	(50)	-	1	(1)

	Plants authorized					
	MW			Number		
	at Dec. 31, 2015	at Dec. 31, 2014	Change	at Dec. 31, 2015	at Dec. 31, 2014	Change
Wind	352	52	300	2	2	-
Solar	595	347	248	9	5	4
Total	947	399	548	11	7	4
- Chile	-	360	(360)	-	4	(4)
- Brazil	905	39	866	5	3	2
- Panama	42	-	42	6	-	6

The main plants under construction are those in Brazil in the hydroelectric sector (Apiacás - 102 MW) and in the solar sector (Ituverava - 254 MW), in Chile in the solar (Carrera Pinto - 77 MW, Pampa Norte - 79 MW, Finis Terrae - 160 MW), wind (Los Buenos Aires - 24 MW, Renaico - 88 MW, Sierra Gorda - 112 MW), and geothermal segments (Cerro Pabellón - 38 MW), in Costa Rica in the hydroelectric sector (Chucas

- 50 MW) and in Mexico in the wind segment (Vientos del Altiplano - 100 MW, Palo Alto - 129 MW).

The main authorized plants are those in Brazil in the wind (Delfina - 180 MW, Morro do Chapéu - 172 MW) and solar sectors (Horizonte MP - 103 MW, Lapa - 158 MW, Nova Olin-da - 292 MW) and in Panama in the solar sector (Sol Real - 42 MW).

Performance and financial position

Millions of euro

	2015	2014	Change
Revenue from third parties including commodity contracts measured at fair value	650	538	112
Revenue from transactions with other segments	-	-	-
Total revenue including commodity contracts measured at fair value	650	538	112
Gross operating margin	364	202	162
Operating income	249	142	107
Employees at period end (no.)	1,045	875	170
Capital expenditure	1,548	926	622

Performance in 2015

Revenue from third parties including commodity risk management amounted to €650 million, an increase of €112 million (taking account of exchange gains of €67 million) compared with 2014, mainly due to an increase in revenue from the sale of electricity (€101 million), mostly in Chile (€73 million), Mexico (€21 million) and Costa Rica (€8 million), in line with the increase in power generation.

The **gross operating margin** amounted to €364 million, up €162 million compared with 2014 (taking account of exchange gains of €44 million), reflecting the increase in reve-

nue and a decline in operating expenses for the purchase of electricity (€119 million) in Panama and Brazil, partly offset by higher operating expenses linked to the expansion of installed capacity in Brazil, Chile and Mexico (€63 million).

Operating income amounted to €249 million, up €107 million compared with 2014 (€142 million), reflecting the increase in the gross operating margin, partly offset by an increase in depreciation, amortization and impairment losses (€55 million), essentially linked to the expansion of installed capacity, mainly in Chile, Mexico and Brazil.

Employees at the end of the year

Number

	2015	2014	Change
Latin America	1,045	875	170
Brazil	315	269	46
Chile	260	178	82
Colombia	6	3	3
Peru	9	7	2
Costa Rica	75	78	(3)
El Salvador	-	1	(1)
Guatemala	120	117	3
Mexico	156	121	35
Uruguay	10	5	5
Panama	94	96	(2)

The workforce of the Latin America area increased by a total of 170 personnel, or 19.4%. 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 2015 amounted to €1,548 million (€926 million in 2014) and mainly regarded the construction of wind plants in Mexico in the amount of €285 million (€242 million in 2014), in Brazil in the amount of €271 million (€165

million in 2014), in Chile in the amount of €211 million (€165 million in 2014) and in Uruguay in the amount of €52 million (€28 million in 2014), as well as solar plants in Chile in the amount of €344 million (€198 million in 2014), in Brazil in the amount of €46 million (none in 2014) and in Panama in the amount of €18 million (€2 million in 2014). Other projects include hydroelectric plants in Costa Rica in the amount of €118 million (€48 million in 2014) and in Brazil in the amount of €102 million (€55 million in 2014), plus geothermal plants in Chile in the amount of €84 million (€1 million in 2014).

Significant events

The following significant events in the Latin America area supplement those already reported in the main "Significant events" section.

Enel Green Power begins construction of two photovoltaic plants in Brazil

February 19, 2015 - Enel Green Power began 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 the 80 MW Fontes dos Ventos wind farm in the same area, 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 CO₂ 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.

Talinay Poniente wind plant enters service

March 11, 2015 - Enel Green Power completed and connected to the grid the Talinay Poniente wind farm in the Coquimbo region of 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 CO₂ into the atmosphere. Enel Green Power invested approximately \$140 million in the new wind farm.

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 26 distributors.

Enel Green Power begins construction of Pampa Norte photovoltaic plant in Chile

May 4, 2015 - Enel Green Power has begun construction of the Pampa Norte photovoltaic plant, which is located in the municipality of Taltal, in Chile's Antofagasta region.

The new plant, which will have a total installed capacity of 79 MW, will be able to generate more than 200 GWh per year once fully operational, thereby avoiding the emission of more than 100 thousand metric tons of CO₂ into the atmosphere each year.

The project will be supported by a long-term power purchase agreement (PPA) with Empresa Nacional de Electricidad SA (Endesa Chile). The energy generated by the plant will be delivered to SIC (*Sistema Interconectado Central*), Chile's central region transmission network.

Enel Green Power brings new photovoltaic plant online in Chile

May 5, 2015 - Enel Green Power has completed and connected to the grid the Lalackama II solar photovoltaic plant, in the Antofagasta region of Chile.

With a total capacity of 18 MW, the new plant is capable of generating approximately 50 GWh per year, thereby avoiding the emission into the atmosphere of around 23 thousand metric tons of CO₂ each year.

Lalackama II is supported by a contract to supply energy to private customers. The power generated by the plant will be delivered to Chile's central region transmission network (*Sistema Interconectado Central*, SIC).

Enel Green Power's first photovoltaic plant in Panama brought online

May 19, 2015 - Enel Green Power has completed and connected to the grid Chiriquí, its first photovoltaic plant in Panama. The solar facility is located 400 km west of Panama City, 90 km away from Enel Green Power's Fortuna hydropower plant.

With a total installed capacity of 12 MW, the new plant can generate over 19 GWh per year, equal to the consumption needs of more than 16 thousand local households, thereby avoiding the emission of around 15 thousand metric tons of CO₂ into the atmosphere each year.

The power generated by Chiriquí will be purchased by the Fortuna hydro plant. The solar facility will therefore contribute to the security of energy supplies and the balancing of power market prices in Panama, in particular during the dry season.

Chiriquí comprises 39,640 photovoltaic modules spread over an area of 23 thousand hectares. Its capacity will be added to the 300 MW Enel Green Power already operates in Panama through Fortuna, which generated around 1.1 TWh in 2014.

Enel Green Power begins construction of new wind farm in Chile

July 9, 2015 - Enel Green Power began construction of Los Buenos Aires, its first wind farm in the Chilean region of Bío Bío. The facility, owned by Enel Green Power Chile Ltda, will have a total installed capacity of 24 MW. Once up and running, the new plant will be able to generate over 86 GWh a year – equivalent to the annual consumption needs of approximately 40 thousand Chilean households – while avoiding the emission of more than 41 thousand metric tons of CO₂ into the atmosphere each year. The project is supported by a long-term power purchase agreement (PPA) with Empresa Nacional de Electricidad SA (Endesa Chile). Enel Green Power will be investing a total of approximately \$55 million in the construction of the facility, financed through the Enel Green Power Group's own resources. Los Buenos Aires will be built in the municipality of Los Ángeles, which is 500 km south of Santiago. The energy generated by the wind farm will be delivered to Chile's Central Region Transmission Network, SIC (*Sistema Interconectado Central*).

Enel Green Power puts new wind farm online in Mexico

July 16, 2015 - Enel Green Power completed and connected to the grid the Dominica II wind farm in the Mexican State of San Luis Potosí. The new facility adds 100 MW to the capacity of the existing Dominica I facility, bringing the total installed capacity of the Dominica wind complex to 200 MW. The power plant is located in the municipality of Charcas and comprises 50 wind turbines of 2 MW of each. Dominica II can generate more than 250 GWh per year – equivalent to the annual electricity needs of around 143 thousand Mexican households – while avoiding the annual emission of approximately 140 thousand metric tons of CO₂ into the atmosphere. Together, Dominica I and II are capable of generating over 510 GWh per year. Enel Green Power has invested a total of approximately \$160 million in the construction of Dominica II. The investment has been partially financed through a loan from Banco Santander and covered by the Spanish export credit agency (CESCE). Dominica I and II are supported by long-term PPAs for the supply of energy.

Enel Green Power brings online first hybrid plant in Brazil

August 31, 2015 - Enel Green Power completed and connected to the grid Brazil's first hybrid plant with the commissioning of Fontes Solar I and II, its first solar power plants in Brazil. The two facilities have been built alongside and integrated with Enel Green Power's existing 80 MW Fontes dos Ventos wind farm.

Fontes Solar I and II, located in the State of Pernambuco in north-eastern Brazil, have an overall installed capacity of 11 MW, making them Brazil's largest solar complex. The pair can generate over 17 GWh per year.

The combination of solar and wind power will ensure more stable energy production and reduce the effects of variability in weather conditions. The hybrid will generate approximately 340 GWh per year – equivalent to the annual energy needs of around 170 thousand Brazilian households.

Enel Green Power has invested a total of approximately \$18 million in the construction of Fontes Solar I and II, which are supported by a 20-year power purchase agreement (PPA) awarded to Enel Green Power through a tender process in December 2013. The energy generated by the plants will be delivered to Pernambuco State.

Enel Green Power brings online its first power plant in Uruguay

September 7, 2015 - Enel Green Power has completed and connected to the grid the Melowind wind farm, its first ever power plant in Uruguay. The 50 MW facility is located in the Cerro Largo area, about 320 kilometers from capital city Montevideo. Enel Green Power invested about \$98 million in the construction of Melowind. The plant is able to generate more than 200 GWh of electricity a year – equal to the consumption needs of about 74 thousand local households – while avoiding the annual emission of more than 62 thousand metric tons of CO₂. Melowind's 47% load factor is equivalent to more than 4,100 hours of generation a year. The electricity produced by Melowind will be sold to the State-owned power company UTE (*Administración Nacional de Usinas y Trasmisiones Eléctricas*), which manages the transmission, distribution and sale of electricity in Uruguay, under a 20-year power purchase agreement (PPA).

Enel Green Power starts operations at Dois Riachos wind farm in Brazil

November 4, 2015 - Enel Green Power has connected to the grid the Dois Riachos wind farm, which is located in the State of Bahia in north-eastern Brazil. It the first part of the 118 MW Serra Azul wind power complex to start operations. With an installed capacity of 30 MW, Dois Riachos will be able to generate over 140 GWh per year, avoiding the annual emission of around 14 thousand metric tons of CO₂ into the atmosphere. The Serra Azul wind power complex will be composed of three additional wind farms: Damascena (30 MW), Maniçoba (30 MW) and Esperança (28 MW). Once completed, the complex will be able to generate over 500 GWh a year, avoiding the emission of more than 50 thousand metric tons of CO₂. The energy generated by the complex will mainly be sold through power supply contracts on the regulated market. Enel Green Power is investing some \$220 million in the construction of Serra Azul. The investment is being partially financed with loans from the International Finance Corporation, a World Bank Group member, and Itaú Unibanco SA. Both loans are related to the construction of wind farms in north-eastern Brazil.

Enel Green Power brings Italian masterpieces to the Museu Nacional de Belas Artes in Rio de Janeiro

November 25, 2015 - Enel Green Power announced that it was bringing the "Saint Sebastian tended by Irene" by Giovanni Francesco Barbieri (1591-1666) and the "Saint Sebastian" by Guido Reni (1575-1642) to Rio de Janeiro. The works are from the National Picture Gallery of Bologna and the Capitoline Museums of Rome, and depict the patron saint of Rio de Janeiro, Saint Sebastian. The two paintings will be on display at the Museu Nacional de Belas Artes from November 27 until March 15, 2016 as part of the celebration of the Italian Year in Latin America and of the 450 years since the foundation of Rio de Janeiro.

Enel Green Power awarded 40 MW of hydroelectric capacity in Brazil

November 26, 2015 - Enel Green Power, taking part in the public tender "Leilão de Concessões", was awarded a 30-year concession for the operation of two existing hydroelectric plants with an installed capacity of 40 MW. The two plants, Paranapanema (32 MW), in the State of São Paulo, and Mourão I (8 MW), in the State of Paraná, can generate almost 270 GWh a year.

Both facilities have 30-year contracts for the sale of the power they produce, which under the rules of the tender will be sold to a pool of distribution companies (70%) and the free market (30%). Enel Green Power will invest more than R\$160 million (about €40 million) in the concession and will be responsible for operating the plant for the next 30 years.

North America

Operations

Net installed capacity and net electricity generation

	Net installed capacity (MW)			Number of plants in operation		
	at Dec. 31, 2015	at Dec. 31, 2014	Change	at Dec. 31, 2015	at Dec. 31, 2014	Change
Hydroelectric	316	317	(1)	62	63	(1)
Wind	2,090	1,666	424	32	29	3
Geothermal	72	72	-	3	3	-
Solar	28	28	-	3	3	-
Total	2,506	2,083	423	100	98	2

Net installed capacity increased by 423 MW over the previous year, mainly due to the entry into service of the wind plants of Goodwell (200 MW), Osage (150 MW) and Little Elk (74 MW) in the 4th Quarter of 2015.

	Net electricity generation (GWh)			Average installed capacity (MW)		
	2015	2014	Change	2015	2014	Change
Hydroelectric	849	912	(63)	317	318	(1)
Wind	6,079	5,309	770	1,763	1,490	273
Geothermal	396	407	(11)	72	72	-
Solar	45	46	(1)	29	29	-
Total	7,369	6,674	695	2,181	1,909	272

The expansion in electricity generation in 2015 is mainly attributable to increased wind capacity, partly offset by a decline in hydroelectric and geothermal output as a result of decreased resource availability.

Plants not yet in service

Plants under construction						
	MW			Number		
	at Dec. 31, 2015	at Dec. 31, 2014	Change	at Dec. 31, 2015	at Dec. 31, 2014	Change
Wind	-	200	(200)	-	1	(1)
Total	-	200	(200)	-	1	(1)

Plants authorized						
	MW			Number		
	at Dec. 31, 2015	at Dec. 31, 2014	Change	at Dec. 31, 2015	at Dec. 31, 2014	Change
Wind	108	74	34	1	1	-
Total	108	74	34	1	1	-

The main wind plant authorized is the Drift Sand facility (108 MW).

Performance and financial position

Millions of euro

	2015	2014	Change
Revenue from third parties including commodity contracts measured at fair value	532	394	138
Revenue from transactions with other segments	-	-	-
Total revenue including commodity contracts measured at fair value	532	394	138
Gross operating margin	352	276	76
Operating income	168	149	19
Employees at period end (no.)	365	342	23
Capital expenditure	286	308	(22)

Performance in 2015

Revenue from third parties including commodity contracts measured at fair value amounted to €532 million, an increase of €138 million (taking account of exchange gains of €88 million) compared with 2014 (€394 million), mainly attributable to greater revenue from electricity sales (€48 million) and tax partnerships (€55 million), in line with the increase in output, and an increase in other revenue (€32 million) including the effects of the disposal of a number of assets.

The **gross operating margin** amounted to €352 million, up €76 million (taking account of exchange gains of €58 mil-

lion) compared with the previous year (€276 million), primarily attributable to the increase in revenue, partly offset by higher personnel and operating expenses associated mainly with the expansion in installed capacity.

Operating income amounted to €168 million, an increase of €19 million compared with 2014 (€149 million). The increase in the gross operating margin (€76 million) was almost entirely offset by a rise in depreciation (€29 million), associated with the expansion of installed capacity, and impairment losses (€27 million) connected with value adjustments for certain specific projects.

Employees at the end of the year

Number

	2015	2014	Change
North America	365	342	23
United States	365	342	23

Capital expenditure

Capital expenditure in 2015 amounted to €286 million (€308 million in 2014) and mainly regarded the construction of wind plants totaling €257 million (€313 million in 2014).

Operating investments included grants in the amount of €4 million.

Significant events

The following significant events in the North America area supplement those already reported in the main "Significant events" section.

Enel Green Power extends framework accord with Vestas to develop additional wind capacity in the United States

January 12, 2015 - Enel Enel Green Power, acting through its subsidiary Enel Green Power North America Inc. (EGP NA), 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 Vestas to supply wind turbines, has supported EGP NA's successful growth in the United States. 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 in December 2014.

Enel Green Power begins construction of new wind farm in the United States

March 24, 2015 - Enel Enel Green Power, through its subsidiary Enel Green Power North America, Inc. ("EGP NA"), started construction on a new wind farm in Oklahoma (USA). The Little Elk wind project, located in Kiowa and Washita Counties, Oklahoma, adjacent to EGP NA's existing 150 MW Rocky Ridge wind farm, will have a total installed capacity of 74 MW. Once fully operational, the new wind farm will be able to generate up to 330 GWh annually, equivalent to the power needs of over 27 thousand US households and avoiding the emission of over 150 thousand metric tons of CO₂ into the atmosphere each year. Enel Green Power will be investing a total of approximately \$130 million to construct Little Elk. The plant is supported by a 25 year-power purchase agreement (PPA) with People's Electric Cooperative of Oklahoma (PEC). The wind farm is expected to be online by the end of 2015.

Enel Green Power adds new wind capacity to its operations in the US

July 16, 2015 - Enel Green Power SpA, acting through its subsidiary Enel Green Power North America Inc., has completed and connected to the grid the Osage Wind farm located in Osage County, Oklahoma. The new plant has a total installed capacity of 150 MW and is owned by Osage Wind LLC, 50% owned by EGP NA. The wind farm will generate more than 620 GWh of electricity a year, equivalent to the annual energy consumption needs of more than 53 thousand US households, avoiding the emission of nearly 300 thousand metric tons of CO₂ into the atmosphere each year.

Sub-Saharan Africa and Asia

Operations

Net installed capacity and net electricity generation

	Net installed capacity (MW)			Number of plants in operation		
	at Dec. 31, 2015	at Dec. 31, 2014	Change	at Dec. 31, 2015	at Dec. 31, 2014	Change
Wind	172	-	172	3	-	3
Solar	10	10	-	1	1	-
Total	182	10	172	4	1	3
- South Africa	10	10	-	1	1	-
- India	172	-	172	3	-	3

Net installed capacity increased by 172 MW over the previous year, entirely due to the expansion of wind capacity following the acquisition of control of a number of projects in India (172 MW).

	Net electricity generation (GWh)			Average installed capacity (MW)		
	2015	2014	Change	2015	2014	Change
Wind	48	-	48	48	-	48
Solar	18	8	10	10	-	10
Total	66	8	58	58	-	58
- South Africa	18	8	10	10	-	10
- India	48	-	48	48	-	48

Electricity generation in 2015 expanded by 58 GWh compared with 2014, essentially reflecting the increase in installed wind capacity following the acquisition of wind projects in India.

Plants not yet in service

	Plants under construction					
	MW			Number		
	at Dec. 31, 2015	at Dec. 31, 2014	Change	at Dec. 31, 2015	at Dec. 31, 2014	Change
Wind	199	-	199	2	-	2
Solar	314	149	165	4	2	2
Total	513	149	364	6	2	4
- South Africa	513	149	364	6	2	4

	Plants authorized					
	MW			Number		
	at Dec. 31, 2015	at Dec. 31, 2014	Change	at Dec. 31, 2015	at Dec. 31, 2014	Change
Wind	705	199	506	5	2	3
Solar	-	165	(165)	-	2	(2)
Total	705	364	341	5	4	1
- South Africa	705	364	341	5	4	1

The main plants under construction are in South Africa in the solar sector (4 projects for a total of 314 MW) and the wind sector (2 projects of 199 MW).

The main plants authorized are in South Africa in the wind sector (5 projects for a total of 705 MW).

Performance and financial position

Millions of euro

	2015	2014	Change
Revenue from third parties including commodity contracts measured at fair value	14	3	11
Revenue from transactions with other segments	-	-	-
Total revenue including commodity contracts measured at fair value	14	3	11
Gross operating margin	5	(1)	6
Operating income	3	(1)	4
Employees at period end (no.)	120	30	90
Capital expenditure	312	24	288

Performance in 2015

Revenue from third parties including commodity contracts measured at fair value amounted to €14 million, an increase of €11 million on 2014 (€3 million), attributable to the effects of the completion of the purchase price allocation for the acquisition of South African projects.

The **gross operating margin** amounted to €5 million, an

improvement of €6 million on 2014 (a loss of €1 million), reflecting the developments in revenue noted above and the increase in operating expenses in South Africa (€4 million).

Operating income amounted to €3 million, a rise of €4 million on 2014.

Employees at the end of the year

Number

	2015	2014	Change
Sub-Saharan Africa and Asia	120	30	90
India	35	-	35
South Africa	85	30	55

Capital expenditure

Capital expenditure in 2015 amounted to €312 million (€24 million in 2014) and regarded solar plants in the amount of €194 million (€14 million in 2014) and wind plants in the amount of €118 million (€8 million in 2014).

Significant events

The following significant events in the Sub-Saharan Africa and Asia area supplement those already reported in the main “Significant events” section.

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 CO₂ 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 electricity needs of around 48 thousand South African households, thereby avoiding the emission of more than 140 thousand metric tons of CO₂ 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 CO₂ 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 REIP-PPP tender held by the South African government in October 2013.

Enel Green Power begins work on new wind farm in South Africa

April 17, 2015 - Enel Green Power has begun construction of Nojoli wind farm, which is located in the Eastern Cape province in South Africa.

The new wind farm will have a total installed capacity of 88 MW, and once fully operational it will be able to generate more than 275 GWh per year, equivalent to the annual ener-

gy needs of nearly 86 thousand South African households, thereby avoiding the emission of more than 251 thousand metric tons of CO₂ into the atmosphere each year.

The electricity generated by the new wind farm will be sold to the South African utility Eskom through a 20-year power supply agreement that Enel Green Power was awarded with in October 2013 as part of the REIPPPP promoted by the South African government.

Enel Green Power begins work on new solar power plant in South Africa

May 21, 2015 - Enel Green Power has begun construction of the Pulida solar power plant, located in the Free State province in South Africa.

The new solar facility will have a total installed capacity of 82.5 MW and once fully operational will be able to generate more than 150 GWh per year, equivalent to the annual consumption needs of nearly 48 thousand South African households, thereby avoiding the emission of more than 138 thousand metric tons of CO₂ into the atmosphere each year. The energy generated by Pulida will be sold to the South African utility Eskom through the 20-year power supply agreement that Enel Green Power was awarded in October 2013 as part of the REIPPPP promoted by the South African Government.

Enel Green Power enters Indian market by acquiring a majority stake in BLP Energy

September 24, 2015 - Enel Green Power announced the acquisition of a majority stake in BLP Energy (“BLP”), the utility-scale wind and solar subsidiary of Bharat Light & Power Pvt Ltd (“BLP Group”) for a total of about €30 million. With this transaction Enel Green Power enters the Indian renewables market, marking the Group’s first move into the Asia-Pacific region, thereby reaching more than 10 GW of net installed capacity globally. Enel Green Power brings to the Indian market the latest renewable technology and global best practices in engineering design and project development, based on its presence in 17 countries. BLP is one of the leading renewable energy companies in India, owning and operating wind plants in the States of Gujarat and Maharashtra with a total capacity of 172 MW and a total annual output of about 340 GWh. It also has a portfolio of some 600 MW of wind projects at

different stages of development. BLP Group is based in New Delhi and Bangalore, and has a team of professionals with background in renewable energy, manufacturing, consulting and financial services with extensive experience in technical, development, operation and maintenance and financing activities. The acquisition of a majority stake in an Indian independent power producer, with a portfolio of wind assets already in operation and a geographically diversified pipeline of solar and wind projects, offers strong development prospects combined with an established market position. The transaction, completed in less than one year, is one of the fastest carried out by Enel Green Power and is testament to the capacity of the Group to stay ahead of trends and to quickly enter new countries, leveraging its global scale and expertise to seize market opportunities.

Enel Green Power supports rural electrification in Kenya

December 4, 2015 - Enel Green Power is teaming up with US mini-grid technology solutions provider Powerhive to build and operate mini-grids in 100 villages in Kenya. The project provides for an investment of about \$12 million in 2016, of which Enel Green Power will cover 93% and Powerhive the remaining 7%.

Developed by Powerhive, the project consists of a portfolio of solar mini-grids with a total installed capacity of 1 MW to be built in Kenya's western Counties of Kisii and Nyamira. The mini-grids will supply zero-emissions energy to 20 thousand households, small businesses, schools and healthcare centers, connecting around 90 thousand people to the grid in the process. The integration of mini-grids with energy storage facilities will allow the system to balance supply and demand, thus reducing volatility and offsetting variations in customer loads and the unpredictable fluctuations in power generation associated with renewable resource technologies.

The project will also provide customers with an easier and more reliable payment system through the adoption of a mobile phone prepayment app and through Powerhive's mini-grid operating platform.

According to International Energy Agency data, Africa has more than 620 million people who still lack access to electricity. Energy poverty affects health, limits development opportunities, reducing access to education and the potential to exit poverty status. In addition, access to electricity is a source of growth for emerging countries, a prerequisite for the broad availability of goods and services and a foundation for the development of individuals and communities.

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

measurement 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 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 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 2015 Enel Green Power confirmed its leadership position in the renewable energy sector and achieved the strategic objectives announced to the financial community despite the contraction in prices in the main European markets and the tensions in various emerging markets.

The continuation of these adverse conditions will make 2016 another challenging year for Enel Green Power, whose strategy will be characterized by the expansion of our installed capacity, primarily in emerging economies with abundant renewable resources and strong economic growth.

Investment will be focused on growth in markets with stable regulatory frameworks, with initiatives to increase geographical and technological diversification and maximize the creation of value.

In addition to pursuing growth, Enel Green Power 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.

Enel Green Power will continue to leverage flexibility in structuring its portfolio, swiftly adapting it to changes in the scenario, as was the case with the sale of our Portuguese assets and the creation of a photovoltaic joint venture in Italy.

Enel Green Power is also continuing its work in research and development of innovative technologies, including the construction of off-grid plants and the use of storage to enhance the flexibility and performance of our assets. We will also continue to pursue our close focus on sustainability and dialogue with local communities and all other stakeholders (employees, suppliers, 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 2015 – March 21, 2016 – the Enel Green Power Group meets the conditions for the listing of shares of companies with control of 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, 62 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, 2014.

They are: 1) Enel Green Power North America Inc; 2) Enel Brasil Participações Ltda; 3) Enel Green Power Chile Ltda; 4) Enel Kansas LLC; 5) Empresa Eléctrica Panguipulli SA; 6) Enel Fortuna SA; 7) Enel Green Power North America Development LLC; 8) Rocky Caney Wind LLC; 9) Enel Green Power México S de RL de Cv; 10) Chisholm View Wind Project LLC; 11) Essex Company; 12) Renovables de Guatemala SA; 13) Caney River Wind Project LLC; 14) Prairie Rose Wind LLC; 15) Enel Geothermal LLC; 16) Parque Eólico Taltal SA; 17) Parque Eólico Talinay Oriente SA; 18) EGP NA Development Holdings LLC; 19) Rocky Ridge Wind Project LLC; 20) Smoky Hills Wind Project II LLC; 21) Enel Stillwater LLC; 22) Stipa Nayaá SA de Cv; 23) Parque Eólico Valle de los Vientos SA; 24) PH Chucas SA; 25) Enel Texkan Inc.; 26) Texkan Wind LLC; 27) Enel Cove Fort LLC; 28) Enel Nevkan Inc; 29) Nevkan Renewables LLC; 30) Enel Green Power Panama SA; 31) Proveedora de Electricidad de Occidente S de RL de Cv; 32) Enel Green Power Canada Inc.; 33) Hydro Development Group Inc.; 34) Smoky Hills Wind Farm LLC; 35) Castle Rock Ridge Limited Partnership; 36) Enel Green Power Costa Rica SA; 37) Geotérmica del Norte SA; 38) Enel Green Power Latin America Ltda; 39) Enel Salt Wells LLC; 40) Enel Green Power Stillwater Solar LLC; 41) Snyder Wind Farm LLC; 42) Generadora

de Occidente Ltda; 43) Mexicana de Hidroelectricidad Mexhidro S de RL de Cv; 44) Enel Green Power Pedra do Gerônimo Eólica SA; 45) Enel Green Power Emiliana Eólica SA; 46) Enel Green Power Joana Eolica SA; 47) Enel Green Power Pau Ferro Eólica SA; 48) Enel Green Power Primavera Eólica SA; 49) Enel Green Power São Judas Eólica SA; 50) Enel Green Power Cristal Eólica SA; 51) Boott Hydropower Inc.; 52) Buffalo Dunes Wind Project LLC; 53) Dominica Energía Limpia S de RL de Cv; 54) Origin Wind Energy LLC; 55) Energías Renovables La Mata SAPI de CV; 56) Eólica Zopiloapan SAPI de Cv; 57) Goodwell Wind Project LLC; 58) Almeyda Solar SpA; 59) Enel Green Power Modelo I Eólica SA; 60) Enel Green Power RSA (Pty) Ltd; 61) Enel Green Power Modelo Eólica SA; and 62) Lawrence Hydroelectric Associates LP;

B) the balance sheet and income statement for the 2015 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 2015 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 bylaws 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 Pow-

er 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 a Nomination and Compensation Committee, which are entirely composed of independent directors pursuant to Article 37 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), 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, either directly or through subsidiaries. The procedure (which can be found at 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 2015 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 for 2013-2015 and 2015-2017 respectively.

During 2015, 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 equiva-

lent 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 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.

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, 2016 to January 31, 2043 of electricity generated by new plants in Chile built during the period as well as green certificates associated with the electricity generated by those plants.

Value of the transaction: an estimated \$3,500 million.

Transaction party: Enel Green Power Delfina B Eólica SA, Enel Green Power Delfina C Eólica SA, Enel Green Power Delfina D Eólica SA, Enel Green Power Delfina E Eólica SA and Enel Green Power Brasil Participações Ltda, whol-

ly-owned subsidiaries of Enel Green Power SpA;

Transaction counterparty: Centrais Elétricas Cachoeira Dourada SA and Enel Brasil SA;

Nature of relationship: company subject to the common control of Enel SpA;

Nature of the transaction: sale to Centrais Elétricas Cachoeira Dourada SA and Enel Brasil SA in the period from January 1, 2018 to December 31, 2037 of electricity generated by a new plant in Brazil;

Value of the transaction: an estimated \$582 million.

Transaction party: Enel Green Power Morro do Chapéu I Eólica SA, Enel Green Power Morro do Chapéu II Eólica SA, Enel Green Power São Abraão Eólica SA, Enel Green Power Boa Vista Eólica SA and Enel Green Power Brasil Participações Ltda, wholly-owned subsidiaries of Enel Green Power SpA;

Transaction counterparty: Centrais Elétricas Cachoeira Dourada SA and Enel Brasil SA;

Nature of relationship: company subject to the common control of Enel SpA;

Nature of the transaction: sale to Centrais Elétricas Cachoeira Dourada SA and Enel Brasil SA in the period from January 1, 2018 to December 31, 2037 of electricity generated by a new plant in Brazil;

Value of the transaction: an estimated \$534 million.

Transaction party: Enel Green Power International BV;

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 (multi-currency revolving facility) of €1,200 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 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 (intercompany revolving facility 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 in this transaction.

Other information

Own shares and those of the Parent Company

During 2015, 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, 2015, 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, the Company did not carry out any atypical or unusual operations. 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 will be called within the statutory time limit, in accordance with applicable law.





Consolidated financial statements



Consolidated Income Statement

Millions of euro	Notes				
		2015	of which with related parties	2014	of which with related parties
Revenue and income					
Revenue from sales and services	6	2,356	907	2,148	867
Other revenue and income	7	655	297	772	353
	[Subtotal]	3,011		2,920	
Costs					
Electricity and other fuel purchases	8	175	45	291	39
Services and other materials	9	595	91	489	139
Personnel	10	339		256	
Depreciation, amortization and impairment losses	11	1,041		921	
Other operating expenses	12	185	1	149	
Capitalized costs		(134)		(131)	
	[Subtotal]	2,201		1,975	
Net income/(expense) from commodity contracts measured at fair value	13	(25)	(23)	76	77
Operating income		785		1,021	
Net financial income/(expense) from derivatives	14	(108)	(81)	(21)	(19)
Net other financial income/(expense)	15	(237)	(169)	(236)	(174)
Share of income/(losses) of equity investments accounted for using the equity method	16	8		(56)	
Income before taxes		448		708	
Income taxes	17	184		264	
Net income from continuing operations		264		444	
Net income from discontinued operations ⁽¹⁾	33.2	-		(4)	
Net income for the year		264		440	
Attributable to shareholders of the Parent Company		166		359	
Attributable to non-controlling interests		98		81	
<i>Earnings per share: basic and diluted (in euros)</i>		<i>0.03</i>		<i>0.07</i>	
<i>Earnings per share of continuing operations: basic and diluted (in euros)</i>		<i>0.03</i>		<i>0.07</i>	
<i>Earnings per share of discontinued operations: basic and diluted (in euros)</i>		-		-	

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

Statement of Consolidated Comprehensive Income

Millions of euro	Notes	2015	2014
Net income for the year		264	440
<i>Other comprehensive income</i>			
Remeasurement of defined-benefit obligation		-	(3)
Other comprehensive income not to be reclassified to profit or loss (a)		-	(3)
Gain/(Loss) on cash flow hedge derivatives		9	(41)
Share of the other comprehensive income of equity investments accounted for using the equity method		17	(6)
Exchange differences		135	421
Other comprehensive income to be reclassified to profit or loss (b)		161	374
Total other comprehensive income/(loss) for the year (net of tax) (a+b)	34	161	371
Total comprehensive income/(loss) for the year		425	811
- Attributable to shareholders of the Parent Company		288	693
- Attributable to non-controlling interests		137	118

Consolidated Balance Sheet

Millions of euro	Notes	at Dec. 31, 2015	of which with related parties	at Dec. 31, 2014	of which with related parties
ASSETS					
Non-current assets					
Property, plant and equipment	19	15,364	-	13,329	
Intangible assets	20	1,328		1,378	
Goodwill	21	666		871	
Deferred tax assets	22	701		326	
Equity investments accounted for using the equity method	23	273		323	
Derivatives	24	7	-	7	2
Other non-current financial assets	25	201	154	428	418
Other non-current assets	26	190	3	158	3
	<i>[Subtotal]</i>	18,730		16,820	
Current assets					
Inventories	27	163		184	
Trade receivables	28	451	156	440	185
Tax receivables	29	134	77	81	3
Derivatives	24	20	9	18	15
Other current financial assets	30	96	29	426	221
Other current assets	31	495	111	494	129
Cash and cash equivalents	32	385		335	
	<i>[Subtotal]</i>	1,744		1,978	
TOTAL ASSETS		20,474		18,798	

Millions of euro

Notes

		at Dec. 31, 2015	<i>of which with related parties</i>	at Dec. 31, 2014	<i>of which with related parties</i>
LIABILITIES AND SHAREHOLDERS' EQUITY					
Equity pertaining to the shareholders of the Parent Company					
	34.1				
Share capital		1,000		1,000	
Reserves		6,807		6,476	
Net income for the year attributable to shareholders of the Parent Company		166		359	
	<i>[Subtotal]</i>	7,973		7,835	
Non-controlling interests	34.2	1,657		1,094	
TOTAL SHAREHOLDERS' EQUITY	34	9,630		8,929	
Non-current liabilities					
Long-term borrowings	35	6,367	2,455	6,035	2,455
Post-employment and other employee benefits	36	36		43	
Provisions for risks and charges	37	207		130	
Deferred tax liabilities	22	1,033		705	
Derivatives	24	80	59	96	71
Other non-current liabilities	38	173		192	
	<i>[Subtotal]</i>	7,896		7,201	
Current liabilities					
Short-term borrowings	35	713	672	865	832
Current portion of long-term borrowings	35	470	-	323	
Current portion of long-term provisions and short-term provisions	37	39		20	
Trade payables	39	1,268	155	888	129
Derivatives	24	23	21	7	7
Income tax payables	40	33		80	
Other current financial liabilities	41	86	53	82	57
Other current liabilities	43	316	20	403	11
	<i>[Subtotal]</i>	2,948		2,668	
TOTAL LIABILITIES		10,844		9,869	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		20,474		18,798	

Statement of Changes in Consolidated Shareholders' Equity (note 34)

Millions of euro	Other reserves								Net income attributable to the shareholders of the 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	Reserve from transactions in non-controlling interests	Other reserves	Total reserves				
At January 1, 2015	1,000	(42)	(18)	167	(8)	-	6,377	6,476	359	7,835	1,094	8,929
Allocation of net income for the previous year	-	-	-	-	-	-	359	359	(359)	-	-	-
Dividends	-	-	-	-	-	-	(160)	(160)	-	(160)	(28)	(188)
Transactions in non-controlling interests	-	-	-	-	-	10	-	10	-	10	-	10
Change in scope of consolidation and other changes	-	-	-	-	-	-	-	-	-	-	454	454
Comprehensive income	-	(5)	17	110	-	-	-	122	166	288	137	425
<i>of which:</i>												
- income/(loss) recognized directly in equity	-	(5)	17	110	-	-	-	122	-	122	39	161
- net income/(loss) for the year	-	-	-	-	-	-	-	-	166	166	98	264
At December 31, 2015	1,000	(47)	(1)	277	(8)	10	6,576	6,807	166	7,973	1,657	9,630

Millions of euro	Other reserves								Net income attributable to the shareholders of the 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	Total reserves					
At January 1, 2014	1,000	(6)	(12)	(212)	(5)	5,997	5,762	528	7,290	973	8,263	
Allocation of net income for the previous year	-	-	-	-	-	528	528	(528)	-	-	-	
Dividends	-	-	-	-	-	(160)	(160)	-	(160)	(26)	(186)	
Change in scope of consolidation and other changes	-	-	-	-	-	12	12	-	12	29	41	
Comprehensive income	-	(36)	(6)	379	(3)	-	334	359	693	118	811	
<i>of which:</i>												
- income/(loss) recognized directly in equity	-	(36)	(6)	379	(3)	-	334	-	334	37	371	
- net income/(loss) for the year	-	-	-	-	-	-	-	359	359	81	440	
At December 31, 2014	1,000	(42)	(18)	167	(8)	6,377	6,476	359	7,835	1,094	8,929	

Consolidated Statement of Cash Flows

Millions of euro		Notes			
		2015	of which with related parties	2014	of which with related parties
Income before taxes for the year		448		708	
Income before taxes of discontinued operations		-		(4)	
Adjustments for:					
Depreciation, amortization and impairment losses	11	1,041		921	
Accruals to provisions		48		-	
Share of net (income)/loss from equity investments accounted for using equity method	16	(8)		56	
Net financial (income)/expense from derivatives	14	108	81	21	19
Net other financial (income)/expense	15	237	169	236	174
(Gains)/Losses from disposals and other non-monetary items		(205)		(218)	
<i>Cash flow from operating activities before changes in net current assets</i>		<i>1,669</i>		<i>1,720</i>	
Increase/(Decrease) in provisions for risks and charges and post-employment and other employee benefits		33		1	
(Increase)/Decrease in inventories	36, 37	14		(90)	
(Increase)/Decrease in trade receivables and payables	28, 39	342	55	8	(34)
(Increase)/Decrease in current and non-current assets/liabilities		(161)	(41)	(111)	(36)
Interest income/(expense) and other financial income/(expense) collected/(paid)		(339)	(159)	(299)	(221)
Dividends from associates	23	11		44	
Income taxes paid		(274)		(240)	
Cash flows from operating activities (a)		1,295		1,033	
Investments in property, plant and equipment	19	(2,431)		(1,570)	
Investments in intangible assets	20	(31)		(49)	
Investments in entities (or business units) less cash and cash equivalents acquired		(58)		(78)	
Disposals of entities (or business units) less cash and cash equivalents sold		945		586	
(Increase)/Decrease in other investing activities		(16)		(26)	
Cash flows from investing/disinvesting activities (b)		(1,591)		(1,137)	
New borrowing and other net changes in financial debt	35	93	296	277	(101)
Dividends paid		(204)	(139)	(192)	(131)
Collections/(Payments) for sale/(acquisition) of non-controlling interests	34.2	441		-	
Net contributions of equity from non-controlling interests	34.2	15		-	
Cash flows from financing activities (c)		345		85	
Impact of exchange rate fluctuations on cash and cash equivalents (d)		1		17	
Increase/(Decrease) in cash and cash equivalents (a+b+c+d)		50		(2)	
Cash and cash equivalents at the beginning of the year ⁽¹⁾		335		337	
Cash and cash equivalents at the end of the year		385		335	

(1) Of which cash and cash equivalents pertaining to "Assets classified as held for sale" of €10 million at January 1, 2014 restated.

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 markets. As of the effective date of the demerger (which is discussed in greater detail in the "Significant events in 2015" section of the report on operations and in note 50 "Events after the reporting period"), Enel will be the sole shareholder of Enel Green Power and the shares will cease trading on the electronic equity market organized and operated by Borsa Italiana SpA and on the Spanish electronic continuous trading system. 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, Africa and India. 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, 2015 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 included in the scope of consolidation is reported in the annex.

These consolidated financial statements were authorized for publication by the Board on March 21, 2016.

These financial statements have been audited by Reconta Ernst & Young SpA.

Basis of presentation

The consolidated financial statements for the year ended December 31, 2015 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.

In particular, although the Group does not diverge from the provisions of IAS 7 in the classification of items:

- > cash flows from operating activities report cash flows from core operations, interest on loans granted and obtained and dividends received from joint ventures or associates;
- > investing/disinvesting activities comprise investments in property, plant and equipment and intangible assets and disposals of such assets, including the effects of business combinations in which the Group acquires or loses control of companies, as well as minor investments in associates;
- > cash flows from financing activities include cash flows generated by liability management transactions, dividends paid to non-controlling interests by the Parent Company or other consolidated companies and the effects of transactions in non-controlling interests that do not change the status of control of the companies involved;

- > a separate item is used to report the impact of exchange rates on cash and cash equivalents and their impact on profit or loss is eliminated in full in order to neutralize the effect on cash flows from operating activities.

For more information on cash flows as reported in the statement of cash flows, please see the note on “cash flows” in the report on operations.

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.

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

Pensions and other post-employment 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 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 21 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, 2015, 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 judgment is required to determine the amount of deferred tax assets that can be recognized, 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 de-commissioning 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 assets acquired and liabilities assumed, including any contingent consideration settled subsequently. 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 flows.

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 inflows 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 any exogenous factors that could influence the independent cash flow generating capacity of groups of assets.

Determination of the existence of control

According to IFRS 10, 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 assessing the existence of control, 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 minorities, put and call options, warrants, etc.). Such other facts and circumstances can have a major impact on the assessment, especially in cases where the Group holds less than a majority of 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

According to IFRS 11, 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 applicable to some of the infrastructure of the Group.

Identification of assets available for sale and discontinued operations

The Group plans operations that may involve the disposal of net assets or the discontinuance of operations. Pending the completion of these transactions, management conducts a careful assessment to identify the moment in which the requirements for such classification provided for in IFRS 5 are satisfied.

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 the entities that manage the post-employment benefit plans of employees of Enel Green Power SpA or its associates (specifically, the Fopen and Fondenel pension funds), and the members of the boards of auditors and – and their close relatives – 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, 2015 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 as-

sets 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. The cash flows in respect of such distributions are presented in the statement of cash flows under cash flows from operating activities.

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 venture, 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 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 functional 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 statement items.

Any resulting exchange 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, 2015		At and for the year ended December 31, 2014	
	Average	Year-end	Average	Year-end
US dollar	1.11	1.09	1.33	1.21
Canadian dollar	1.42	1.51	1.47	1.41
Brazilian real	3.70	4.31	3.12	3.22
Romanian leu	4.45	4.52	4.44	4.48
South African rand	14.17	16.95	14.4	14.04
Peruvian nuevo sol	3.53	3.71	3.77	3.63
Indian rupee	72.22	72.02	-	-

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 either 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 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 ⁽¹⁾	Useful life (years)
Hydroelectric power plants	
Buildings and civil works	60
Plant and machinery:	
- penstocks	50
- mechanical and electrical machinery	40
- other fixed hydraulic works	100
Geothermal power plants	
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
Wind power plants	
Buildings and civil works	60
Plant and machinery:	
- towers	25
- turbines and generators	25
- other mechanical machinery	15-25
Solar power plants	
Buildings and civil works	20-60
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 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 fulfillment 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 cumulative 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.

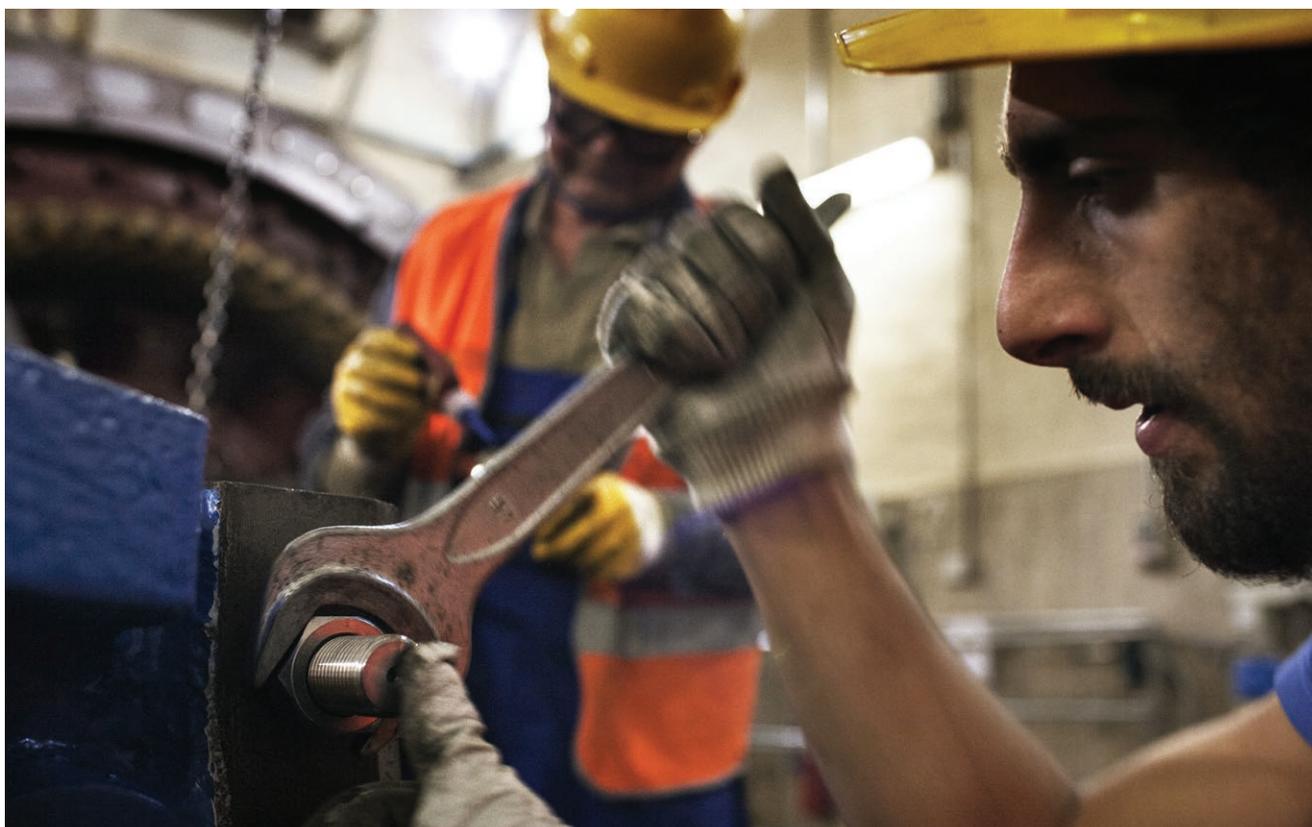
Consequently, intangible assets not yet available for use are not amortized, but are tested for impairment at least annually.

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 te-



sting, 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 recognized under other current assets and then reclassified to inventories at the time they are delivered. Such inventories are later reclassified to "property, plant and equipment" when they are used in the construction of a new plant or to ensure the operation of a plant already in service.

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 con-

tractual 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 fulfill 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 as provided for in the applicable regulations, the tax benefits granted in the United States in relation to the production of 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 and in relation to actual generation, whose impact is recognized in profit or loss under "Revenue from sales and services", in line with sector practice and bearing in mind that they are accrued and measured on the basis of the amount of electricity produced.

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 and the requirements of IFRS 5 are met, 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 may no longer classify the assets (or the disposal group) as held for sale. In this case, the assets 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 exchange risk;
- > income and expense from cash flow hedge derivatives on interest rate and 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 payables" 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 interests are recognized as changes in equity in the period in which they are approved by the Shareholders' Meeting.

3.

Recently issued accounting standards

New accounting standards applied in 2015

The Group adopted the following interpretation and amendments to existing standards with effect as from January 1, 2015:

- > “IFRIC 21 – *Levies*”; the interpretation addresses the accounting treatment of a liability in respect of the obligation to pay a levy that is not covered by another standard (for example, income taxes), other than fines or sanctions imposed for violations of the law, due to the government, whether local, national or international. More specifically, the interpretation established that the liability shall be recognized when the obligating event giving rise to the liability to pay the levy, as set out in the applicable law, occurs. If the obligating event occurs over a specified period of time (for example, the generation of revenue over a specified period of time), the liability shall be recognized gradually over that period. If the obligation to pay the levy is triggered upon reaching a given threshold (for example, upon reaching a minimum amount of revenue generated), the corresponding liability is recognized at the time the threshold is reached. The application of the new provisions did not give rise to a significant impact on these consolidated financial statements;
- > “Annual improvements to IFRSs 2011-2013 cycle”; the document contains formal modifications and clarifications of existing standards. 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*”; the amendment clarifies that management judgment must be used to de-

termine 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.

Accounting standards taking effect at a future date

The following new standards, amendments and interpretations take effect after December 31, 2015:

- > “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 Revaluation Approach to Macro Hedging.

The potential impact of the future application of IFRS 9 is still being assessed. The Group immediately established specific working groups to conduct the assessment.

- > "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, will replace "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*" will apply to all contracts with customers, with a number of excep-

tions (for example, lease and insurance contracts, financial instruments, etc.). The new standard establishes a general framework for the recognition and measurement of revenue based on the following fundamental revenue recognition principle: to 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 fundamental principle will be applied on the basis of a five-step model: the entity must identify the contract with the customer (step 1); once the contract has been identified, it must identify the performance obligations in the contract, recognizing separable goods or services as separate obligations (step 2); the entity must then determine the transaction price, which is represented by the consideration that it expects to obtain (step 3); the entity must then allocate the transaction price to the individual obligations identified in the contract on the basis of the individual price of each separable good or service (step 4); revenue is recognized when (or if) each individual performance obligation is satisfied through the transfer of the good or service to the customer, i.e. when the customer obtains control of the good or service (step 5). IFRS 15 also includes a series of notes that should provide complete disclosure concerning the nature, amount, timing and degree of uncertainty of the revenue and cash flows associated with contracts with customers.

The standard shall take effect, subject to endorsement, for periods beginning on or after January 1, 2018. The Group is assessing the potential impact of the future application of the standard. The Group immediately established specific working groups to conduct the assessment.

- > "IFRS 16 – Leases", issued in January 2016, replaces the previous standard governing leases, IAS 17, and the associated interpretations. It establishes the criteria for the recognition, measurement and presentation of leases for both the lessor and the lessee. Although IFRS 16 does not modify the definition of a lease contract set out in IAS 17, the main change is represented by the introduction of the concept of control within that definition. More specifically, in order to determine whether a contract represents a lease, IFRS 16 requires the lessee to determine whether it has the right to control the use of a given assets for a specified period of time. IFRS 16 eliminates the distinction between operating and finance leases, as required under IAS 17, introducing a single method for recognizing all leases. Under the new approach, the lessee must recognize:

- a) in the balance sheet, the assets and liabilities in respect of all leases with a term of more than 12 months, unless the underlying asset is of low value; and
- b) in the income statement, the depreciation of the assets involved in the lease contract separately from the interest connected with the associated liabilities.

For lessors, IFRS 16 essentially retains the recognition requirements provided for under IAS 17. Accordingly, the lessor shall continue to classify and recognize leases as operating or finance leases. The standard will apply, subject to endorsement, for periods beginning on or after January 1, 2019. The Group is assessing the potential impact of the future application of the standard.

- > "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 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 7: Disclosure Initiative", issued in January 2016. The amendments apply to liabilities and assets arising from financing activities, which are defined as liabilities and assets for which cash flows were, or will be, classified in the statement of cash flows as "cash flows from financing activities." The amendments

require disclosure of changes in such liabilities/assets, distinguishing between cash flow changes and non-cash variations (i.e. variations arising from obtaining or losing control of a subsidiary or other businesses, the effect of changes in foreign exchange rates and changes in fair values). The IASB suggests providing such disclosure in a reconciliation between the opening and closing balances for the period for such liabilities/assets. The amendments will take effect for periods beginning on or after January 1, 2017. The Group does not expect the future application of the amendments to have an impact.

> "Amendments to IAS 12 – *Recognition of deferred tax assets for unrealised losses*", issued in January 2016. The amendments clarify the recognition of deferred tax assets in respect of debt instruments measured at fair value. More specifically, the amendments clarify the requirements for recognizing deferred tax assets for unrealized losses in order to eliminate differences in accounting treatment. The amendments will take effect, subject to endorsement, for periods beginning on or after January 1, 2017. Early application is permitted. The Group is assessing the potential impact of the future application of the amended standard.

> "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 the Group as from 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 permit the use of the equity method 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. As the amendments regard the separate financial statements only, they are not expected to have an impact on the consolidated financial statements.

> "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 for periods beginning on or after January 1, 2016. The Group is assessing the impact of the future application of the amendments.

> "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 cur-

rently 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 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 EFRAG has recommended that the European Commission postpone endorsement of the amendments until the IASB completes its project on the elimination of gains and losses on transactions between an entity and its associates or joint ventures.
- > "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 2010-2012 cycle", issued in December 2013; the document contains formal modifications and clarifications of existing standards applicable to the Group as from January 1, 2016 that are not expected to have a significant impact on the Group. 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, within the disclosures required under IAS 24 for related parties. 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.

- > "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 reclas-

sification 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 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 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 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 for periods beginning on or after January 1, 2016.

4.

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.

2014

- > Acquisition, on May 12, 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 - "ESE"), a joint venture previously accounted for using the equity method. As from that date, the company has been 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 that own 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.

2015

Acquisition of 66.7% of 3Sun

On March 6, 2015, Enel Green Power completed the acquisition of an additional 66.7% stake in 3Sun from STMicroelectronics ("STM") and Sharp under the agreement signed between the parties in July 2014, as described in the "Significant events in 2014" section of the 2014 Annual Report.

The agreement with STM also required it to pay Enel Green Power €12 million to liberate STM from any and all obligations associated with participation in the joint venture or in respect of Enel Green Power.

The acquisition gave the Group full ownership of 3Sun, and the company is now consolidated on a line-by-line basis rather than using the equity method as previously.

As provided for under IFRS 3 Revised, the transaction qualifies as a step acquisition for accounting purposes and, therefore, the fair value adjustments of the part of the net assets already held were recognized through profit or loss for the period at the acquisition date. During the year, the process of allocating the purchase price to the fair value of the assets acquired and the liabilities and contingent liabilities assumed was completed.

The definitive amounts are reported in the following table.

Millions of euro

Net assets acquired after definitive allocation	115
Value of the business combination:	
- carrying amount of interest held at the acquisition date	(2)
- fair value remeasurement of the interest held at the acquisition date	40
- cost of acquisition made in 2015	-
Total	38
Negative goodwill	(77)

The following table reports the definitive fair values of the assets acquired and liabilities and contingent liabilities assumed at the acquisition date.

Millions of euro

	Amounts recognized at the acquisition date
Property, plant and equipment	122
Intangible assets	7
Deferred tax assets	84
Other current and non-current assets	93
Total assets	306
Shareholders' equity	115
Financial debt	140
Trade payables	25
Deferred tax liabilities and other liabilities	26
Total liabilities and shareholders' equity	306

Business combinations in South Africa

During 2015, the Group was awarded contracts for the start of new wind projects in South Africa for a total installed capacity of 705 MW in the fourth phase of the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) tender.

This led to the acquisition of a number of projects representing businesses that were accounted for in accordance with the provisions of IFRS 3 Revised.

The consideration for each of those transactions includes a fixed component and contingent consideration. Accordingly, in 2015 the definitive fair values of the assets acquired and

the liabilities and contingent liabilities assumed were determined.

The main adjustments, whose aggregate effects are summarized below, essentially regard:

- > the adjustment of the value of a number of intangible assets following completion of the process of determining their fair value;
- > the determination of the tax effects of those adjustments.

The allocation of the excess cost led to the recognition of negative goodwill of about €12 million.

The following table reports the effects of the transaction.

Millions of euro	Carrying amount at the acquisition date	Fair value adjustments	Amounts recognized at the acquisition date
Intangible assets	-	76	76
Other assets	-	-	-
TOTAL ASSETS	-	76	76
Deferred tax liabilities	-	21	21
Other non-current liabilities	-	-	-
TOTAL LIABILITIES	-	21	21
NET ASSETS	-	55	55
Negative goodwill	-	-	(12)
Value of the transaction	-	-	43
Cash flow impact	-	-	6

Acquisition of 68% of BLP Energy

On September 24, 2015 the Group acquired a controlling stake of 68% in BLP Energy ("BLP"), a company operating in the renewables industry in India, which owns wind plants with a total installed capacity of 172 MW, generating a total of about 340 GWh per year.

The transaction qualifies as a business combination and was accounted for in accordance with the provisions of IFRS 3 Revised.

During 2015 the definitive fair values of the assets acquired

and the liabilities and contingent liabilities assumed were determined. The main adjustments, whose effects are summarized below, essentially regard:

- > the adjustment of the value of a number of items of property, plant and equipment following completion of the process of determining their fair value;
- > the determination of the tax effects of those adjustments.

The following table reports the effects of the transaction.

Millions of euro	Carrying amount at the acquisition date	Fair value adjustments	Amounts recognized at the acquisition date
Property, plant and equipment	76	16	92
Cash and cash equivalents	15	-	15
Other current and non-current assets	7	-	7
TOTAL ASSETS	98	16	114
Financial debt	62	-	62
Deferred tax liabilities	-	5	5
Other current and non-current liabilities	3	2	5
TOTAL LIABILITIES	65	7	72
Non-controlling interests	10	3	13
NET ASSETS	23	6	29
Goodwill	6	(6)	-
Value of the transaction	29	-	29
Cash and cash equivalents	15	-	15
Cash flow impact	14	-	14

Reallocation of assets to shareholders of the ENEOP consortium

In 2015, Enel Green Power SpA, acting through its Spanish and Portuguese subsidiaries, initiated an operation to split the assets of the ENEOP consortium, in which it held a stake of 40% as an associate. In September 2015, Enel Green Power signed an agreement with the other consortium members with which each acquired control of a specific portfolio of plants already identified in a split agreement signed previously. More specifically, the assets allocated to Enel Green Power have a net installed capacity of about 445

MW. The Group then acquired an additional stake of 60% (€96 million) from the other shareholders for its portfolio, with the consequent acquisition of control (step acquisition) against the transfer of 40% of the assets to the other consortium members (totaling about €80 million) and payment of cash compensation to rebalance the weights of the various portfolios.

The following table reports the provisional fair values of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition of the portfolio.

Millions of euro	Carrying amounts at the acquisition date	Fair value adjustments and cash compensation	Values recognized at the acquisition date
Property, plant and equipment	442	-	442
Intangible assets	18	-	18
Goodwill	25	15	40
Cash and cash equivalents	128	-	128
Other current and non-current assets ⁽¹⁾	34	41	75
TOTAL ASSETS	647	56	703
Loans	518	(28)	490
Other current and non-current liabilities	52	-	52
TOTAL LIABILITIES	570	(28)	542
TOTAL NET ASSETS	77	84	161

(1) Of which €41 million in cash compensation.

Net of transaction costs, the transaction had a total impact on profit or loss of about €29 million as a result of the re-measurement at fair value (pursuant to IFRS 3 Revised) of the interest held previously, taking due account of valuation issues associated with the planned transfer of the assets held in Portugal, discussed below.

The completion of the split of ENEOP in October meets the condition precedent for the closing of the agreement signed in September 2015 with First State Wind Energy Investments for the sale of all assets held in Portugal, which occurred on November 26, 2015, as described in the next section.

Disposal of 100% of Finerge Gestão de Projectos Energéticos SA

On November 26, 2015, the Enel Green Power Group, acting through its subsidiary Enel Green Power España SL, completed the sale of all of the share capital of Finerge Gestão de Projectos Energéticos SA, to the Portuguese company First State Wind Energy Investments SA for a total of about €900 million. The transaction closed following completion of the split of ENEOP and gave rise to a capital gain, including the effects of consolidating ENEOP net of transaction costs, amounting to about €29 million.

Creation of an equally held joint venture in the Italian photovoltaic sector

During the 4th Quarter of 2015, the Enel Green Power Group transferred part of its solar assets in Italy to a new equally held joint venture with F2i Energie Rinnovabili Srl under the provisions of the agreement signed on October 16, 2015, with effect from December 31, 2015.

The transaction, which involved the loss of control of those assets, had a fair value of €111 million total and generated an impact on profit or loss of about €11 million, including the

remeasurement at fair value (in accordance with IFRS 10) of the interest previously held and transferred to the new joint venture.

Other transactions

In 2015, the Group also undertook the following transactions:

- > Enel Green Power North America Inc. (EGP NA) gained ownership of the entire share capital of Geronimo Wind Energy and transferred to it a series of projects and PTC components necessary for a number of wind projects. The assets were subsequently sold for a total of €32 million, which improved operating income for the period by €10 million;
- > the acquisition of control of Osage Wind LLC, previously accounted for using the equity method, a company that owns a 150 MW wind plant;
- > the acquisition of two companies for the development of wind plants in Mexico for a total of €9 million;
- > the acquisition by Enel Green Power Chile of an additional 17.3% of the subsidiary Geotérmica del Norte (already controlled with a stake of 51%), a company operating in the development of geothermal plants in Chile, for a total of about €33 million;
- > acquisition of a controlling interest of 78.6% in Erdwärme Oberland GmbH from Erdwärme Bayern GmbH & Co., a company specialized in the development of geothermal projects in Germany, for a total transaction value of about €22 million.

In addition to the above changes in the scope of consolidation, the following transactions, which, although they do not represent transactions involving the acquisition or loss of control, gave rise to a change in the interest held by the Group in the investees:

Disposal of interest in EGP NA Renewable Energy Partners, LLC

On March 31, 2015, the Group, acting through its subsidiary Enel Green Power North America Inc., entered into an agreement with the General Electric unit GE Energy Financial Services for the sale of a minority 49% stake in a newly created company, EGP NA Renewable Energy Partners LLC ("EGP NA REP"), whose portfolio contains a number of North American companies operating mainly in the wind and hydroelectric power sector.

EGP NA will continue to own 51% of the company, which will be consolidated on a line-by-line basis, and will continue to be responsible for its daily administration, operation and maintenance.

The disposal generated proceeds of €458 million, which, excluding transaction costs of €8 million, amounted to a total of €450 million, taking into account the price assigned to certain projects (including Goodwell, Chisholm View and Prairie Rose) are subject to potential adjustments, some of which had occurred as of the date of these financial statements.

The gain on the transaction, calculated as the difference between the net sale price and the percentage of shareholders' equity sold to non-controlling interests, is equal to €14 million and was allocated to an equity reserve, since the Group has maintained control over the company.

The effects of the transaction as of the end of 2015 are as follows.

Millions of euro

Value of the transaction ⁽¹⁾	450
Net assets transferred	436
Reserve for transactions in non-controlling interests	14

(1) Net of transaction costs.

Acquisition of remaining 49% of Energia Eolica

In April 2015, the Group acquired 49% of Energia Eolica, an Italian company operating in the generation of electricity from wind, in which the Group already held a stake of 51%. The transaction, with a value of €9 million, led to the recognition of a charge of €5 million, which was allocated to an equity reserve since the Group had already controlled the company.

well as the countries previously included in the Europe area;

- > Latin America;
- > North America;
- > Sub-Saharan Africa and Asia, which includes India and South Africa, previously included in the Europe area.

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 2015 and 2014 as represented 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.

5. Segment information

As from October 22, 2015, the Enel Green Power Group has adopted the following organizational structure:

- > Europe and North Africa, which includes North Africa, as

Segment information for 2015

Millions of euro	Continuing operations					Discontinued operations		TOTAL
	Europe and North Africa	Latin America	North America	Sub-Saharan Africa and Asia	Eliminations and adjustments	Total	Retail	
Revenue from third parties including commodity contracts measured at fair value	1,790	650	532	14	-	2,986	-	2,986
Revenue from transactions with other segments	72	-	-	-	(72)	-	-	-
Total revenue including commodity contracts measured at fair value	1,862	650	532	14	(72)	2,986	-	2,986
Total costs	757	286	180	9	(72)	1,160	-	1,160
Depreciation and amortization	518	115	148	2	-	783	-	783
Impairment losses and reversals	222	-	36	-	-	258	-	258
Operating income	365	249	168	3	-	785	-	785
Equity investments accounting for using the equity method	251	-	22	-	-	273	-	273
Capital expenditure	316	1,548	290	312	-	2,466	-	2,466

Segment information for 2014

Millions of euro	Continuing operations					Discontinued operations		TOTAL
	Europe and North Africa	Latin America	North America	Sub-Saharan Africa and Asia	Eliminations and adjustments	Total	Retail	
Revenue from third parties including commodity contracts measured at fair value	2,061	538	394	3	-	2,996	-	2,996
Revenue from transactions with other segments	65	-	-	-	(65)	-	-	-
Total revenue including commodity contracts measured at fair value	2,126	538	394	3	(65)	2,996	-	2,996
Total costs	661	336	118	4	(65)	1,054	4	1,058
Depreciation and amortization	517	60	119	-	-	696	-	696
Impairment losses and reversals	217	-	8	-	-	225	-	225
Operating income	731	142	149	(1)	-	1,021	(4)	1,017
Equity investments accounting for using the equity method	270	1	52	-	-	323	-	323
Capital expenditure	371	926	308	24	-	1,629	-	1,629

Change

Millions of euro	Continuing operations					Discontinued operations		TOTAL
	Europe and North Africa	Latin America	North America	Sub-Saharan Africa and Asia	Eliminations and adjustments	Total	Retail	
Revenue from third parties including commodity contracts measured at fair value	(271)	112	138	11	-	(10)	-	(10)
Revenue from transactions with other segments	7	-	-	-	(7)	-	-	-
Total revenue including commodity contracts measured at fair value	(264)	112	138	11	(7)	(10)	-	(10)
Total costs	96	(50)	62	5	(7)	106	(4)	102
Depreciation and amortization	1	55	29	2	-	87	-	87
Impairment losses and reversals	5	-	28	-	-	33	-	33
Operating income	(366)	107	19	4	-	(236)	4	(232)
Equity investments accounting for using the equity method	(19)	(1)	(30)	-	-	(50)	-	(50)
Capital expenditure	(55)	622	(18)	288	-	837	-	837

The following table reconcile segment assets and liabilities and the consolidated figures.

Millions of euro	at Dec. 31, 2015	at Dec. 31, 2014	Change
Total assets	20,475	18,798	1,677
Financial assets, cash and cash equivalents	(709)	(1,214)	505
Tax assets	(835)	(407)	(428)
Other assets	(939)	(1,192)	253
Operating assets	17,992	15,985	2,007
Total liabilities	10,845	9,869	976
Borrowings and other financial liabilities	(7,739)	(7,408)	(331)
Tax liabilities	(1,066)	(785)	(281)
Other liabilities	(36)	(42)	6
Operating liabilities	2,004	1,634	370

At December 31, 2015

Millions of euro	Europe and North Africa	Latin America	North America	Sub-Saharan Africa and Asia	Eliminations and adjustments	Total
Property, plant and machinery and intangible assets	8,130	4,727	3,343	492	-	16,692
Trade receivables	423	115	36	-	(123)	451
Other	447	282	113	9	(2)	849
Operating assets	9,000	5,124	3,492	501	(125)	17,992
Trade payables	359	827	103	72	(93)	1,268
Provisions	183	18	31	14	-	246
Other	318	85	97	15	(25)	490
Operating liabilities	860	930	231	101	(118)	2,004

At December 31, 2014

Millions of euro	Europe and North Africa	Latin America	North America	Sub-Saharan Africa and Asia	Eliminations and adjustments	Total
Property, plant and machinery and intangible assets	8,724	3,156	2,761	66	-	14,707
Trade receivables	382	114	49	1	(106)	440
Other	487	203	143	4	1	838
Operating assets	9,593	3,473	2,953	71	(105)	15,985
Trade payables	399	399	188	7	(105)	888
Provisions	113	13	24	-	-	150
Other	334	123	134	19	(14)	596
Operating liabilities	846	535	346	26	(119)	1,634

Information on the Consolidated Income Statement

Revenue and income

6. Revenues from sales and services - €2,356 million

Millions of euro

	2015	of which with related parties	2014	of which with related parties	Change
Electricity	2,332	905	2,127	862	205
Other sales and services	24	2	21	5	3
Total	2,356		2,148		208

Revenue from “electricity” includes €2,115 million from sales of electricity (€1,972 million in 2014) and €217 million from other incentives (€155 million in 2014). The increase in revenue from the sale of electricity compared with the previous year amounted to €205 million, mainly due to the increase in revenue in North America (€102 million) and Latin America (€101 million), reflecting the increase in output. Revenue from other incentives posted an increase of €63

million compared with the previous year, mainly due to financing from tax partnerships in North America (€55 million).

Revenue from “Other sales and services” increased by €3 million on the previous year (€21 million), mainly attributable to services rendered to associates in Italy.

7. Other revenue and income - €655 million

Millions of euro

	2015	of which with related parties	2014	of which with related parties	Change
Green certificates	369	297	428	353	(59)
Gains on the disposal of tangible and intangible assets	17		7		10
Other income	269		337		(68)
Total	655		772		(117)

“Green certificates” amounted to €369 million (€428 million in 2014) including revenue posted in Italy in the amount of €302 million from 3,036 GWh of electricity generated (€355 million from 3,674 GWh of electricity generated in 2014) and in Romania in the amount of €67 million from 1,330 GWh of electricity generated (€73 million from 1,268 GWh of electricity generated in 2014).

“Other income” reflects the effects in the Europe and North Africa area of: (i) negative goodwill in respect of the acquisition of control of 3Sun (€117 million) and entities in South

Africa (€12 million); (ii) the recognition of the indemnity in the agreement with STM (€12 million); and (iii) the gain on the sale of Portuguese operations (including the effect of the consolidation of a number of projects in the portfolio held by the ENEOP consortium) (€29 million).

Other revenue in 2014 (€337 million) mainly reflected the effect of the disposal of equity investments (LaGeo for €123 million and Enel Green Power France for €31 million) and the recognition of the indemnity in the agreement with Sharp on the off-take of the output of the 3Sun plant (€95 million).

Costs

8. Purchases of electricity and other fuels - €175 million

Millions of euro

	2015	of which with related parties	2014	of which with related parties	Change
Electricity	163	45	284	39	(121)
Fuels	12		7		5
Total	175		291		(116)

Costs for the purchase of "Electricity" decreased by €121 million, mainly due to a decline in the cost of electricity purchases in Brazil (€71 million) and Panama (€56 million).

9. Services and other materials - €595 million

Millions of euro

	2015	of which with related parties	2014	of which with related parties	Change
Maintenance and repairs	114		85		29
Materials	42	-	62	51	(20)
Leases and rentals	133	8	95	6	38
Transmission	50		48		2
Other	256	84	199	82	57
Total	595		489		106
<i>Capitalized costs for raw materials</i>	<i>(20)</i>		<i>(16)</i>		<i>(4)</i>
<i>Capitalized costs for services</i>	<i>(26)</i>		<i>(38)</i>		<i>12</i>

Costs for "Maintenance and repairs" increased by €29 million in Europe and North Africa (€12 million), mainly regarding the consolidation of the 3Sun subsidiary (€11 million), and in North America (€9 million) due to the entry into service of new plants.

Costs for "Materials" decreased by €20 million, mainly in Europe and North Africa (€24 million).

"Leases and rentals" increased by €38 million, mainly due to the increase in expenses for water diversion fees in Italy (€13 million).

10. Personnel - €339 million

Millions of euro

	2015	2014	Change
Wages and salaries	226	194	32
Social security contributions	50	46	4
Post-employment benefits	-	7	(7)
Other long-term benefits	4	-	4
Other costs	59	9	50
Total	339	256	83
<i>Capitalized costs for personnel</i>	<i>(88)</i>	<i>(77)</i>	<i>(11)</i>

The increase in “Wages and salaries” reflects the rise in average costs and the expansion in the average workforce during the year (+15.7%), mainly as a result of growth in Italy and North Africa (up 417 employees compared with 2014) and Latin America (up 170 compared with 2014).

“Other costs” reflect the effects associated with a number

of agreements signed in Italy for the early retirement of personnel (€48 million).

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, 2015.

Millions of euro	Average workforce			Headcount
	2015	2014	Change	at Dec. 31, 2015
Senior managers	88	71	17	111
Middle managers	700	657	43	699
Office staff	2,038	1,664	374	2,212
Blue collar	1,267	1,145	122	1,287
Total	4,093	3,537	556	4,309

11. Depreciation, amortization and impairment losses - €1,041 million

Millions of euro	2015	2014	Change
Depreciation	690	610	80
Amortization	93	86	7
Goodwill impairment	13	33	(20)
Impairment losses and reversals	245	192	53
Total	1,041	921	120

“Depreciation” increased by €80 million compared with 2014, mainly due to the recognition of depreciation on new installed capacity in North America (€27 million), Chile (€21 million), Mexico (€14 million) and Brazil (€11 million).

The increase in “Amortization” amounted to €7 million, mainly reflecting the growth in amortization registered by the companies in Latin America (€3 million) and North America (€2 million).

“Goodwill impairment” regards the goodwill of Enel Green Power Romania; in 2014 this item consisted of the goodwill of Enel Green Power Hellas.

“Impairment losses and reversals” amounted to €245 million, including the impairment of certain assets of Enel Gre-

en Power Romania (€146 million) and of 3Sun assets (€46 million).

In addition, impairment losses were recognized for specific projects in North America (€33 million) and receivables in Europe (€16 million).

Following the unfavorable outcome of a number of tenders in Chile and South Africa in the final quarter of the year, in which a number of Group entities participated, in order to win concessions for the photovoltaic generation of electricity, it was found that the efficiency of the panels produced by 3Sun was insufficiently competitive on the economic and technical levels. This prompted the directors to conduct an estimate at the end of 2015 of the value in use of the production lines, from which emerged the impairment loss noted above.

12. Other operating expenses - €185 million

Millions of euro

	2015	of which with related parties	2014	of which with related parties	Change
Taxes and duties	72	-	64		8
Royalties	39	-	32		7
Other	74	1	53		21
Total	185		149		36

“Taxes and duties” amounts to €72 million, an increase of €8 million compared with 2014, mainly due to increased property tax in Italy (€9 million).

“Other operating expenses” includes losses recognized on specific plants in North America (€7 million), in Chile (€6 million), in Brazil (€3 million) and in South Africa (€2 million).

13. Net income/(expense) from commodity contracts measured at fair value - €(25) million

Millions of euro

	2015	of which with related parties	2014	of which with related parties	Change
Income from changes in fair value	2	-	3		(1)
Income from commodity contracts closed during the period	1	-	79	79	(78)
Total income	3		82		(79)
Expense from changes in fair value	(3)	-	(4)		1
Expense from commodity contracts closed during the period	(25)	(23)	(2)	(2)	(23)
Total expense	(28)		(6)		(22)
TOTAL NET INCOME/(EXPENSE) FROM COMMODITY CONTRACTS MEASURED AT FAIR VALUE	(25)		76		(101)

“Net income/(expense) from commodity contracts measured at fair value” includes €24 million in net expense realized on positions closed during the year (€77 million in net income in 2014) and €1 million in net unrealized expense (€1

million in net expense in 2014).

Contracts in Italy are mainly entered into with Enel Trade for commodity positions

14. Net financial income/(expense) from derivatives - €(108) million

Millions of euro

	2015	of which with related parties	2014	of which with related parties	Change
Income from fair value hedge derivatives	-	-	-		-
Income from cash flow hedge derivatives	1	1	1		-
Income from derivatives at fair value through profit or loss	42	36	6	6	36
Total financial income from derivatives	43		7		36
Expense on cash flow hedge derivatives	(44)	(17)	(21)	(18)	(23)
Expense on derivatives at fair value through profit or loss	(107)	(101)	(7)	(7)	(100)
Total financial expense on derivatives	(151)		(28)		(123)
TOTAL NET FINANCIAL INCOME/(EXPENSE) FROM DERIVATIVES	(108)		(21)		(87)

“Net financial income/(expense) from derivatives” includes €43 million in net expense from cash flow hedge derivatives (€20 million in net expense in 2014) and €65 million in net

expense from derivatives at fair value through profit or loss (€1 million in net expense in 2014).

15. Net other financial income/(expense) - €237 million

Millions of euro

	2015	of which with related parties	2014	of which with related parties	Change
Foreign exchange gains	244	30	58	4	186
Interest and other income from financial assets	37	16	50	23	(13)
Total financial income	281		108		173
Foreign exchange losses	(192)	(36)	(63)	(23)	(129)
Interest and other charges on financial liabilities	(326)		(281)		(45)
- long-term borrowings	(343)	(143)	(284)	(146)	(59)
- short-term borrowings	(35)	(31)	(31)	(30)	(4)
- other financial expense	(28)	(5)	(25)	(2)	(3)
- capitalized financial expense	80		59		21
Depreciation and writeback of financial assets	-		-		-
Total financial expense	(518)		(344)		(174)
TOTAL NET OTHER FINANCIAL INCOME/(EXPENSE)	(237)		(236)		(1)

“Net other financial income/(expense)” showed net expense of €237 million, an increase of €1 million compared with 2014. The increase in interest expense on long-term bor-

rowings (€59 million) associated with the increase in long-term debt was almost completely offset by an increase in capitalized financial expense and by exchange gains.

16. Share of income/(losses) of equity investments accounted for using the equity method - €8 million

Millions of euro

	2015	2014	Change
Share of income of associates	23	63	(40)
Share of income of joint ventures	4	1	3
Total income	27	64	(37)
Share of losses of associates	(13)	(104)	91
Share of losses of joint ventures	(6)	(16)	10
Total losses	(19)	(120)	101
TOTAL	8	(56)	64

“Share of income of associates” is composed of the share of the profits of the Iberian associates totaling €23 million (€33 million in 2014); in 2014 this item included profits from the associate LaGeo amounting to €28 million.

million (€10 million in 2014) and in Italy in the amount of €6 million (€2 million in 2014); in 2014 this item included impairment losses on the Greek associates totaling €89 million.

“Share of losses of associates” is composed of losses of a number of companies in North America in the amount of €7

“Share of losses of joint ventures” mainly reflect the losses of 3Sun in the first quarter of 2015 in the amount of €4 million (€14 million in 2014).

17. Income taxes - €184 million

Millions of euro

	2015	2014	Change
Current taxes	177	302	(125)
Deferred tax expense/(income)	(5)	(37)	32
Adjustments for income taxes related to prior years	12	(1)	13
Total	184	264	(80)

"Income taxes" amounted to €184 million, a decrease of €80 million compared with 2014, for an effective tax rate of 41.1%, compared with 37.3% in 2014.

The following table reconciles the theoretical tax rate with the effective rate.

Millions of euro

	2015		2014	
Income before taxes	448		708	
Theoretical tax	125	27.5%	195	27.5%
IRAP	21	4.7%	37	5.2%
IRES surtax (Robin Hood Tax)	-	0.0%	58	8.2%
Impact of tax reform	22	4.9%	(48)	-6.8%
Impact of local tax rates	32	7.3%	41	5.8%
Permanent differences and minor items	(16)	-3.4%	(19)	-2.7%
Effective tax	184	41.1%	264	37.3%

"Impact of tax reform" in 2015 includes the adjustment of deferred tax in Italy following the application of the 2016 Stability Act, which reduced the IRES rate from 27.5% to 24% as from 2017, with effects already reflected at December 31, 2015, whereas in 2014 it included the effect of the tax reform in Spain.

Finally, 2014 saw taxes decrease by €23 million as a result of the adjustment of deferred taxation in Italy after the IRES surtax (the so-called "Robin Hood Tax") was declared uncon-

stitutional following a lengthy administrative dispute.

"Permanent differences and minor items" reflect the effect of the acquisition of control of 3Sun and the consolidation of a number of projects in the portfolio held by the ENEOP consortium.

The item "Impact of local tax rates" mainly regards write-downs during the year.

18. Earnings/(Loss) per share - €0.03

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.

	2015	2014
Net income for the period attributable to shareholders of the Parent Company (millions of euro)	166	359
Average number of ordinary shares	5,000,000,000	5,000,000,000
Basic and diluted earnings per share (in euros)	0.03	0.07
Basic and diluted earnings per share from continuing operations (in euros)	0.03	0.07
Basic and diluted earnings per share from discontinued operations (in euros)	-	-

Information on the Consolidated Balance Sheet

Assets

Non-current assets

19. Property, plant and equipment - €15,364 million

Millions of euro	Land and buildings	Plant and equipment	Leased assets	Other assets	Assets under construction and advances	Total
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)
Balance at Jan. 1, 2015	1,482	9,637	210	83	1,917	13,329
Capital expenditure	32	196	4	14	2,189	2,435
Assets entering service	335	1,292	-	17	(1,644)	-
Depreciation	(62)	(600)	(7)	(17)	-	(686)
Impairment	-	(185)	-	(7)	(1)	(193)
Capitalized borrowing costs	-	11	-	-	69	80
Exchange differences	27	354	-	1	(111)	271
Change in scope of consolidation	58	(183)	(15)	3	247	110
Allocation of excess cost	-	16	-	-	-	16
Plant dismantling provision	-	4	-	-	2	6
Other changes	(12)	45	(38)	-	1	(4)
Total changes in 2015	378	950	(56)	11	752	2,035
Cost	2,451	17,072	187	256	2,669	22,635
Accumulated depreciation	(591)	(6,151)	(33)	(140)	-	(6,915)
Impairment	-	(334)	-	(22)	-	(356)
Balance at Dec. 31, 2015	1,860	10,587	154	94	2,669	15,364

The item increased by €2,035 million, mainly attributable to the combined effect of capital expenditure during the period (€2,435 million), the change in the scope of consolidation (€110 million) and exchange gains (€271 million). These factors were partly offset by depreciation (€686 million) and impairment losses (€193 million), discussed above in note 11. Capitalized borrowing costs (€80 million) were determined

on the basis of an average capitalization rate equal to that of the Group (5.18%).

The table below summarizes capital expenditure by purpose in 2015 and 2014. Expenditure came to €2,435 million in 2015, up €855 million compared with 2014.

Millions of euro

	2015	2014	Change
Power plants:			
- hydroelectric	323	191	132
- wind	1,231	979	252
- geothermal	197	146	51
- solar	628	224	404
- biomass	41	31	10
Total power plants	2,420	1,571	849
Other investments in tangible assets	15	9	6
Total investments	2,435	1,580	855

“Capital expenditure” mainly regarded wind plants in Latin America (€823 million), North America (€257 million) and South Africa (€117 million), solar plants in Chile (€344 million) and South Africa (€194 million), geothermal plants in Italy (€108 million) and hydroelectric plants in Latin America (€228 million) and Italy (€82 million).

Change in the scope of consolidation mainly refers to the full consolidation of the company that owns the Osage project in the United States (€243 million), previously accounted for

using the equity method, and to the acquisition of control of 3Sun (€122 million) and BLP Energy in India (€76 million). This was partly offset by the disposal of the Portuguese subsidiaries (€111 million) and to the deconsolidation of Italian solar projects (€224 million), as discussed in the section “Main changes in the scope of consolidation”.

The following table breaks down plant and equipment by type of generation technology.

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change	at Dec. 31, 2013
Power plants:				
- hydroelectric	2,569	2,476	93	2,545
- geothermal	1,350	1,609	(259)	1,214
- wind	6,121	5,155	966	4,683
- photovoltaic	445	338	107	288
- other	102	59	43	10
Total	10,587	9,637	950	8,740

19.1 Leased assets

The Group, in the role of lessee, has entered into finance lease agreements involving wind and solar plants which the Group is using in Italy (with a term of 18 years) totaling €154

million (€210 million at December 31, 2014).

The carrying amount of assets held under finance leases is reported in the following table.

Millions of euro

	2015	2014	Change
Property, plant and equipment	154	210	(56)
Intangible assets	-	-	-
Total	154	210	(56)

The following table reports total minimum lease payments and the related present value, broken down by maturity.

Millions of euro	at Dec. 31, 2015	
	Minimum lease payments	Present value
2016	12	8
2017-2020	52	45
After 2020	63	57
Total	127	110
Finance charges	(17)	
Present value of minimum lease payments	110	

Millions of euro	at Dec. 31, 2014	
	Minimum lease payments	Present value
2015	16	9
2016-2019	96	75
After 2019	86	76
Total	198	160
Finance charges	(38)	
Present value of minimum lease payments	160	

The Group, in the role of lessee, also entered into operating lease agreements regarding the use of certain assets for industrial purposes. The associated lease payments are expensed under "Services and other materials" and amount-

ed to €134 million.

Costs for operating leases are broken down in the following table into minimum payments, contingent rents and sublease payments.

Millions of euro	2015
Minimum payments	370
Contingent rents	-
Sublease payments	-
Total	370

The future minimum lease payments due by the Group under such leases break down by maturity as follows.

Millions of euro	
Payments due:	
- within 1 year	13
- in 1 to 5 years	52
- in over 5 years	305
Total	370

20. Intangible assets - €1,328 million

Millions of euro	Concessions, licenses, trademarks and similar rights	Other intangible assets under development and sale contracts	Total
Cost	621	1,279	1,900
Accumulated amortization	(167)	(282)	(449)
Impairment	(17)	(56)	(73)
Balance at Jan. 1, 2015	437	941	1,378
Capital expenditure	17	14	31
Assets entering service	5	(5)	-
Amortization	(47)	(46)	(93)
Impairment	-	(34)	(34)
Exchange differences	-	21	21
Allocation of excess cost/remeasurement at fair value	11	113	124
Change in scope of consolidation	(13)	(14)	(27)
Other changes	17	(89)	(72)
Total changes in 2015	(10)	(40)	(50)
Cost	651	1,265	1,916
Accumulated amortization	(204)	(336)	(540)
Impairment	(20)	(28)	(48)
Balance at Dec. 31, 2015	427	901	1,328

The decrease in "intangible assets" amounted to €50 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 South Africa (€74 million) and Chile (€42 million), capital expenditure (€31 million) and exchange gains (€21 million), only partly offset by amortization (€93 million) and impairment losses (€34

million) discussed in note 11. The "Change in the scope of consolidation" – a negative €27 million – mainly reflects the disposal of Portuguese subsidiaries (€38 million), only partly offset by the acquisition of control of 3Sun (€7 million), as discussed in the section "Main changes in the scope of consolidation".

There are no intangible assets with an indefinite useful life.

21. Goodwill - €666 million

Millions of euro	at Dec. 31, 2014							at Dec. 31, 2015		
	Cost	Cumulative impairment	Net value	Acquisitions/ Development/ Success fees	Exchange differences	Purchase price allocation	Impairment losses	Cost	Cumulative impairment	Net value
Latin America	308	-	308	6	36	-	-	350	-	350
Enel Green Power España	405	(1)	404	(246)	-	(1)	-	158	(1)	157
Enel Green Power Hellas	103	(103)	-	-	-	-	-	103	(103)	-
Enel Green Power Romania	13	-	13	-	-	-	(13)	13	(13)	-
Enel Green Power Bulgaria	5	-	5	-	-	-	-	5	-	5
Enel Green Power North America	132	(14)	118	-	13	-	-	145	(14)	131
Italy	23	-	23	-	-	-	-	23	-	23
Total	989	(118)	871	(240)	49	(1)	(13)	797	(131)	666

The decrease in “Intangible assets” amounted to €205 million, mainly attributable to the reclassification of goodwill regarding the Portuguese companies included among assets held for sale, partly offset by the exchange gains (€49 million) and the acquisition of companies in Mexico (€6 million).

All of the CGUs reported in the table above to which goodwill has been allocated, in addition to the Enel Green Power Hellas CGU, which was written down the previous year, underwent recoverability testing.

The recoverable value of the goodwill recognized, in addition to other associated non-current assets, was estimated by calculating the value in use of the CGUs using discounted cash flow models, which involves 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 10-year 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 no higher than the average long-term growth rate of the reference market.

The testing did not find evidence of impairment losses on the assets of those CGUs, with the exception of the Romania CGU.

Accordingly, an impairment on that CGU was recognized in the amount of €133 million, net of tax effects, mainly in reflection of the deterioration in the outlook for the regulatory system and for future electricity demand in the country.

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, the long-term growth rate and EBITDA, assuming individual variations in each variable of up to 5% of the value used in the tests. The outcomes of these analyses fully supported the values of the individual CGUs.

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, 2015	Growth rate ⁽¹⁾	Discount rate pre-tax WACC ⁽²⁾	Explicit period of cash flows	Terminal value ⁽³⁾	at Dec. 31, 2014	Growth rate ⁽¹⁾	Discount rate pre-tax WACC ⁽²⁾	Explicit period of cash flows	Terminal value ⁽³⁾
Latin America	350	3.3%	8.2%	5 years	21 years	308	3.4%	8.5%	5 years	22 years
Enel Green Power España	157	2.0%	7.6%	5 years	12 years	404	2.0%	7.9%	5 years	13 years
Enel Green Power Romania	-	2.3%	8.1%	5 years	16 years	13	2.1%	8.3%	5 years	17 years
Enel Green Power Bulgaria	5	2.2%	8.1%	5 years	14 years	5	2.5%	8.3%	5 years	15 years
Enel Green Power North America	131	2.2%	9.3%	5 years	19 years	118	2.2%	7.5%	5 years	20 years
Italy	24	0.8%- 2.0%	8.5%	5 years	Perpetuity / 17 years ⁽⁴⁾	23	1.1%- 2.0%	8.1%	5 years	Perpetuity/ 14 years ⁽⁴⁾

(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 17 years for other technologies (wind, solar, biomass).

At December 31, 2014, impairment testing found an impairment loss on the Enel Green Power Hellas CGU of €231

million, net of tax effects, as a result of the increase in the country risk factored into the discount rate.

22. Deferred tax assets and deferred tax liabilities - €701 million and €1,033 million

The following table details changes in deferred tax assets and deferred tax liabilities by type of timing difference, cal-

culated based on the tax rates established by applicable regulations.

Millions of euro

	at Dec. 31, 2014	Increase / (Decrease) statement	Allocation of excess cost	Other changes	at Dec. 31, 2015
Deferred tax assets:					
- differences in the value of non-current and financial assets	132	(1)	-	-	131
- measurement of financial instruments	25	-	-	-	25
- accruals to provisions for risks and charges with deferred deductibility	13	6	-	(4)	15
- tax loss carried forward and tax credits (North America)	95	(47)	84	(12)	120
- employee benefits	-	12	-	3	15
- other items	61	94	-	240	395
Total deferred tax assets	326	64	84	227	701
Deferred tax liabilities:					
- differences in the value of non-current and financial assets	69	56	-	339	464
- allocation of excess cost to asset items	465	(9)	39	-	495
- measurement of financial instruments	6	-	-	(2)	4
- other items	165	13	7	(115)	70
Total deferred tax liabilities	705	60	46	222	1,033

"Deferred tax assets" at December 31, 2015 totaled €701 million, an increase of €375 million on December 31, 2014, mainly due to the effect of the change of scope of consolidation following the acquisition of 3Sun.

Deferred tax assets on prior-year tax losses in the amount of €175 million have not been recognized, as current estimates of future taxable income indicate that recovery is improbable. There are no significant deductible temporary differences for which deferred tax assets have not been recognized.

In addition, the tax effect of the impairment losses recognized on the Enel Green Power Romania CGU amounted to €22 million in respect of deferred tax assets.

"Deferred tax liabilities" at December 31, 2015 totaled €1,033 million, an increase of €328 million compared with December 31, 2014, mainly due to the recognition of deferred tax liabilities following the recognition of the business combinations in South Africa, Chile and India discussed previously.

23. Equity investments accounted for using the equity method - €273 million

Millions of euro	At Dec. 31, 2014					At Dec. 31, 2015	
	Value	Acquisitions/ (Disposals)	Effect in profit or loss	Dividends	Other changes	Value	%
Investments in associates	238	6	10	(9)	(144)	101	
Emprendimientos Eólicos do Vale do Minho SA	26	-	11	(7)	(30)	-	
ENEOP - Eolicas de Portugal SA	116	-	8		(124)	-	
Compañía Eólica Tierras Altas	13		1		-	14	21.4%
Other Enel Green Power España associates ⁽¹⁾	6	-	2	(2)	(3)	3	
Other North America ⁽¹⁾	10	-	(7)	-	19	22	
Enel Green Power Hellas associates ⁽¹⁾	50	6	-	-	(6)	50	30.0%
Terrae	15	-	(3)	-	-	12	20.0%
Other	2	-	(2)	-	-	-	
Investments in joint ventures	85	30	(2)	(2)	61	172	
Joint ventures Enel Green Power España ⁽¹⁾	21	-	3	(2)	2	24	
Osage Wind	42	12	1	-	(55)	-	
3Sun	1	-	(4)	-	3	-	
Ultor	-	-	-	-	111	111	50.0%
PowerCrop ⁽¹⁾	21	-	(2)	-	-	19	50.0%
Other	-	18	-	-	-	18	
Total	323	36	8	(11)	(83)	273	

(1) For details, please see the attachment "Subsidiaries, associates and other significant equity investments of the Enel Green Power Group at December 31, 2015".

"Acquisitions/Disposals" include the capital increases at Osage (€12 million) prior to the acquisition of control, in Sowitec, on the basis of the agreement for the development of wind and solar projects (€18 million), and in Trikorfo in Greece (€6 million).

"Other changes" mainly report the effect of the disposal of the Portuguese investments (€156 million) and the full consolidation of Osage (€59 million), only partly offset by the

acquisition of the investment in the Marte solar project in Italy (€111 million). With regard to the latter, the Enel Green Power Group has an option to acquire an additional 2.5% of the capital, which can be exercised for six months as from January 1, 2018.

The principal income statement and balance sheet aggregates for associated companies are provided below.

Millions of euro	at Dec. 31, 2015				
	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity
Investments in associates					
Enel Green Power Hellas associates	2	5	1	0	6
Compañía Eólica Tierras Altas	4	40	4	2	38
Investments in joint ventures					
Ultor	338	39	147	7	222
PowerCrop	64	25	1	50	38

Millions of euro

	Revenue	Income before taxes	Net income/(loss) from continuing operations	Other comprehensive income	Total comprehensive income
at Dec. 31, 2015					
Investments in associates					
Enel Green Power Hellas associates	0	0	0	0	0
Compañía Eólica Tierras Altas	11	3	2	1	2
Investments in joint ventures					
Ultor	0	0	0	0	0
PowerCrop	3	(4)	(4)	(2)	(4)

Millions of euro

	Non-current assets		Non-current liabilities		Current liabilities	Equity
at Dec. 31, 2014						
Investments in associates						
ENEOP - Eólicas de Portugal SA	1.358	387	1.399	179		167
Empreendimentos Eólicos do Vale do Minho SA	262	44	220	50		36
Investments in joint ventures						
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
at Dec. 31, 2014					
Investments in associates					
ENEOP - Eólicas de Portugal SA	213	52	43	17	43
Empreendimentos Eólicos do Vale do Minho SA	80	37	28	14	28
Investments in joint ventures					
PowerCrop	3	(2)	(2)	(1)	(2)

24. Derivatives

Millions of euro

	Non-current		Current					
	at Dec. 31, 2015	of which with related parties	at Dec. 31, 2014	of which with related parties	at Dec. 31, 2015	of which with related parties	at Dec. 31, 2014	of which with related parties
Derivative financial assets	7	-	7	2	20	9	18	15
Derivative financial liabilities	80	59	96	71	23	21	7	7

For more details on the nature of derivative financial assets and liabilities, please see notes 44 "Financial instruments" and 46 "Derivatives and hedge accounting".

25. Other non-current financial assets - €201 million

Millions of euro

	at Dec. 31, 2015	of which with related parties	at Dec. 31, 2014	of which with related parties	Change
Other non-current financial assets included in net current assets					
Advances for acquisition of equity investments	8	-	3	1	5
Subtotal	8		3		5
Other non-current financial assets included in net financial debt					
Long-term financial receivables	193	154	425	417	(232)
Subtotal	193		425		(232)
TOTAL	201		428		(227)

“Other non-current financial assets included in net current assets” amounted to €8 million, an increase of €5 million attributable to the recovery of advances paid for the acquisition of investments following the finalization of acquisitions in Latin America.

“Long-term financial receivables” amounted to €193 million, a decrease of €232 million, mainly due to the disposal of the Portuguese companies, with which the Group had a financial receivable of €391 million, an effect partly offset by the deconsolidation of solar companies in Italy (€147 million).

26. Other non-current assets - €190 million

Millions of euro

	at Dec. 31, 2015	of which with related parties	at Dec. 31, 2014	of which with related parties	Change
Tax receivables	98	-	96	-	2
Grants to receive	78	-	46	-	32
Other receivables	14	3	16	3	(2)
TOTAL	190		158		32

“Other non-current assets” amounted to €190 million, an increase of €32 million mainly reflecting accrued green certificates not yet credited in Romania (€31 million).

Current assets

27. Inventories - €163 million

“Inventories” amounted to €163 million, a decrease of €21 million on December 31, 2014 (€184 million) due to the decline in stocks of green certificates of Italian companies (€22 million).

28. Trade receivables - €451 million

Millions of euro

	at Dec. 31, 2015	of which with related parties	at Dec. 31, 2014	of which with related parties	Change
Sale and transport of electricity	367	156	383	185	(16)
Other receivables	84		57		27
Total	451		440		11

For more details on trade receivables, please see note 44 "Financial instruments" and note 45.3 "Credit risk".

29. Tax receivables - €134 million

"Tax receivables" amounted to €134 million, an increase of €53 million on December 31, 2014 (€81 million). The item mainly reports the increase in tax receivables of the Parent Company (€78 million) partially offset by the decrease in tax receivables of the subsidiaries in Chile (€15 million) and in Mexico (€14 million).

30. Other current financial assets - €96 million

Millions of euro

	at Dec. 31, 2015	of which with related parties	at Dec. 31, 2014	of which with related parties	Change
Other current financial assets included in net current assets					
Accrued current financial income and prepaid financial expense	2	2	1	1	1
Subtotal	2		1		1
Other current financial assets included in debt					
Short-term financial receivables	94	27	425	220	(331)
Subtotal	94		425		(331)
TOTAL	96		426		(330)

"Short-term financial receivables" posted a decrease of €331 million, mainly due to the decrease in the receivables of the Group finance company (Enel Green Power International BV) from the finance company of the Enel Group (€189 million).

31. Other current assets - €495 million

Millions of euro

	at Dec. 31, 2015	of which with related parties	at Dec. 31, 2014	of which with related parties	Change
Tax receivables	271		136		135
Non-monetary grants to be received	72	69	107	102	(35)
Advances to suppliers	18		50		(32)
Current prepaid operating expenses	50		52		(2)
Other receivables	84	42	149	27	(65)
Total	495		494		1

The increase in "Tax receivables" mainly reflects the increase in VAT receivables in Mexico (€61 million) and the change of scope of consolidation concerning 3Sun (€58 million).

The decrease in "Non-monetary grants to be received" essentially regards the receivables for green certificates of the companies in Italy (€33 million) and Romania (€2 million), accrued pending recognition by competent regulatory authorities.

"Advances to suppliers" is mainly composed of advances paid for the purchase of turbines for projects in North Ame-

rica. The decrease is essentially associated with the repayment of amounts paid in 2014 (€60 million), partly offset by new advances paid during the year (€31 million).

The change in "Other receivables" mostly reflects the collection of receivables from Sharp Corporation for the residual amounts provided for in the agreement with Sharp on the off-take of the output of the 3Sun Srl plant (€35 million) and receivables from the Salvadoran company Inversiones Energéticas SA de Cv (INE), regarding the disposal of the investment in LaGeo SA de Cv (€5 million) in 2014.

32. Cash and cash equivalents - €385 million

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change
Bank and post office deposits – demand	238	177	61
Bank and post office deposits – restricted	147	158	(11)
Total	385	335	50

"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).

33. Non-current assets (or disposal groups) classified as held for sale or distribution and discontinued operations

33.1 Assets classified as held for sale and liabilities of a disposal group classified as held for sale or for distribution to owners

At December 31, 2015 and December 31, 2014, there were no assets classified as held for sale or liabilities of a disposal group classified as held for sale or for distribution to owners. With regard to the non-proportional demerger of the net assets of Enel Green Power SpA to the ultimate Parent Enel SpA, the Board determined that as of the reporting date all of the requirements provided for by IFRS 5 for such classification had not yet been met, namely: (i) the fact that favorable resolutions of the Shareholders' Meetings of Enel Green Power SpA and Enel SpA, held in January 2016, were

key to the operation and the outcome of those votes was not predictable at the reporting date; (ii) a series of formal conditions precedent, including in particular the limit on the settlement value for withdrawing shareholders; and (iii) the possible opposition of Company creditors. Consequently, on the basis of their judgments and careful assessments, the Board felt that all of the requirements to identify a discontinued operation at the reporting date had not yet been met. In view of events after the reporting date, the following is a list of the main financial and performance aggregates of

the operations involved in the demerger, which do not take account of eliminations between the Italy and International segments:

> revenue of €1,772 million;

> operating income of €414 million;
 > assets of €15,364 million;
 > net financial debt of €4,594 million.

33.2 Net income from discontinued operations - € - million

Millions of euro

	2015	2014	Change
Revenue and income	-	-	-
Costs	-	4	(4)
Operating income	-	(4)	4
Net financial income/(expense)	-	-	-
Income taxes	-	-	-
Net income from discontinued operations	-	(4)	4

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

34. Total shareholders' equity - €9,630 million

34.1 Equity attributable to the shareholders of the Parent Company - €7,973 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, 2015, 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).

Other reserves - €6,807 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 - €(47) 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 - €(1) 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 - €277 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, 2015 the reserve showed an increase of €110 million, 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 19R as from January 1, 2013, the reserve registers all actuarial gains and losses in respect of employee benefit plans, net of tax effects.

Reserve from transactions in non-controlling interests - €10 million

This reserve registers the net income from the disposal of non-controlling interests in North America (€14 million), net of charges for the acquisition of a non-controlling interest in the Italian company Energia Eolica (€4 million).

Sundry reserves (excluding the legal reserve) - €6,576 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	at Dec. 31, 2014						Change			at Dec. 31, 2015		
	Total	of which Group	of which non-con- trolling interests	Gains/ (Losses)	Released to income statement	Taxes	Total	of which Group	of which non-con- trolling interests	Total	of which Group	of which non-con- trolling interests
				recognized in equity for the year								
Reserve from CFH financial instruments	(44)	(42)	(2)	(37)	44	2	9	(5)	14	(35)	(47)	12
Reserve from equity investments accounted for using the equity method	(18)	(18)	-	17	-	-	17	17	-	(1)	(1)	-
Translation reserve	199	167	32	135			135	110	25	334	277	57
Gains/(Losses) from remeasurement of net liabilities/(assets) for defined-benefit plans	(8)	(8)	-	-			-	-	-	(8)	(8)	-
Gains/ (Losses) recognized directly in equity	129	99	30	115	44	2	161	122	39	290	221	69

34.2 Non-controlling interests - €1,657 million

Non-controlling interests increased by €563 million, mainly attributable to net income for the year pertaining to non-controlling shareholders (€98 million), exchange differences recognized in the translation reserve (€25 million) and the disposal of a non-controlling interest in North America (as

discussed in note 4 "Main changes in the scope of consolidation"), which gave rise to an increase in non-controlling interests (€436 million). The following table reports non-controlling interests by area of operations.

Millions of euro	at Dec. 31, 2015		at Dec. 31, 2014	
		of which net income		of which net income
Europe and North Africa	709	23	712	40
Latin America	295	37	260	23
North America	611	41	113	18
Sub-Saharan Africa and Asia	42	(3)	9	-
Total	1,657	98	1,094	81

34.3 Dividends - € 160 million

In 2015 the Parent Company distributed dividends for 2014 totaling €160 million (€0.032 per share).

34.4 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 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 2015.

To this end, the Group constantly monitors developments in the level of its debt in relation to equity. The situation at December 31, 2015 and 2014 is summarized in the following table.

Millions of euro	at Dec. 31, 2015	at Dec. 31, 2014	Change
Non-current financial position	(6,367)	(6,035)	(332)
Net current financial position	(705)	(428)	(277)
Non-current financial receivables and long-term securities	193	425	(232)
Net financial debt	(6,879)	(6,038)	(841)
Equity attributable to the shareholders of the Parent Company	7,973	7,835	138
Non-controlling interests	1,657	1,094	563
Shareholders' equity	9,630	8,929	701
Debt/equity ratio	0.7	0.7	-

"Net financial debt" is defined in the section "Definition of performance indicators" in the report on operations.

Non-current liabilities

35. Borrowings - €7,550 million

Millions of euro

	at Dec. 31, 2015	of which with related parties	at Dec. 31, 2014	of which with related parties	Change
Long-term borrowings (including current portion)	6,837	2,455	6,358	2,455	479
Short-term borrowings	713	672	865	832	(152)
Total	7,550		7,223		327

For more details on the nature and valuation of borrowings, please see note 44 "Financial instruments".

36. Post-employment and other employee benefits - €36 million

The Group provides its employees with a variety of benefits, including deferred compensation 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).

The table below shows the change for the year in material actuarial losses.

Millions of euro

	at Dec. 31, 2015				at Dec. 31, 2014			
	Pension benefits	Electricity discount	Other benefits	Total	Pension benefits	Electricity discount	Other benefits	Total
CHANGES IN ACTUARIAL OBLIGATION								
Actuarial obligation at January 1	28	5	10	43	33	5	9	47
Current service cost	-	-	1	1	-	-	1	1
Interest expense	1	-	-	1	1	-	-	1
Actuarial losses/(gains) arising from changes in financial assumptions	-	-	-	-	1	-	1	2
Experience adjustments	(2)	(5)	-	(7)	(1)	-	(1)	(2)
Payments in respect of settlements	(2)	-	-	(2)	(6)	-	-	(6)
Other changes	-	-	-	-	-	-	-	-
Actuarial obligation at December 31 (liability in balance sheet)	25	-	11	36	28	5	10	43

The following table reports the impact of employee benefits on the income statement for the year ended December 31, 2015.

Millions of euro

	2015	2014
LOSSES/(GAINS) CHARGED TO PROFIT OR LOSS		
Service cost	(6)	1
Net interest	1	1
Total	(5)	2

Millions of euro	2015	2014
REMEASUREMENTS LOSSES/(GAINS) IN OCI		
Actuarial losses/(gains) on defined benefit plans	-	-
Other changes	-	-
Total	-	-

The following table reports the sensitivity of the various plans.

	Pension benefits	Electricity discount	Other benefits	Pension benefits	Electricity discount	Other benefits
	at Dec. 31, 2015			at Dec. 31, 2014		
A decrease of 0.5% in discount rate	24	-	7	31	6	6
An increase of 0.5% in discount rate	22	-	6	28	5	5
An increase of 0.5% in inflation rate	21	-	7	30	5	6
An increase of 0.5% in remuneration	21	-	3	30	5	6
An increase of 1% healthcare costs	-	-	5	30	5	6
An increase of 1 year in life expectancy of active and retired employees	-	-	3	30	5	1

37. Provisions for risks and charges - €246 million (of which €39 million at short term)

"Provisions for risks and charges" break down into the following main components.

Millions of euro	Accruals	Utilization	Other changes	of which current portion		
	at Dec. 31, 2014				at Dec. 31, 2015	
Litigation	16	6	(6)	(2)	14	-
Charges for generation plants	79	38	(12)	5	110	1
Taxes	5	1	(1)	(2)	3	-
Other	27	39	(9)	-	57	23
Total	127	84	(28)	1	184	24
Early retirement incentives	23	48	(12)	3	62	15
Total provisions for risk and charges	150	132	(40)	4	246	39

For more details, please see note 36 to the separate financial statements of the Parent Company.

38. Other non-current liabilities - €173 million

Millions of euro	at Dec. 31, 2015	of which with related parties	at Dec. 31, 2014	of which with related parties	Change
Liabilities for urbanization fees	42	-	51	-	(9)
Liabilities for purchase of operations and businesses	21	-	13	-	8
Other liabilities	110	-	128	-	(18)
Total	173	-	192	-	(19)

For more details on “Liabilities for urbanization fees”, please see note 37 to the separate financial statements of the Parent Company.

The increase in “Liabilities for purchase of operations and businesses” regards the recognition of the call option for equity interests in a number of projects in Latin America in the amount of €21 million, which was partly offset by exercising a put-and-call option for the purchase of the interest in Renovables de Guatemala held by Simest (6.16%) in the

amount of €11 million, which occurred in the 2nd quarter of 2015.

As regards the hierarchy of inputs used in determining the fair value of the above options, they are classified as Level 3. The notional amount is equal to the fair value, calculated using the binominal options pricing model.

The decrease 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

39. Trade payables - €1,268 million

Millions of euro

	at Dec. 31, 2015	of which with related parties	at Dec. 31, 2014	of which with related parties	Change
Trade payables	1,268	155	888	129	380
Total	1,268		888		380

“Trade payables” amounted to €1,268 million, an increase of €380 million, mainly in respect of payables of the companies in Mexico (€164 million) and Chile (€148 million), for operating investments during the year.

40. Income tax payables - €33 million

“Income tax payables” amounted to €33 million, a decrease of €47 million compared with December 31, 2014 (€80 million), mainly attributable to an increase in the payables of the Parent Company to the ultimate Parent Enel SpA within the framework of the consolidated taxation mechanism.

41. Other current financial liabilities - €86 million

Millions of euro

	at Dec. 31, 2015	of which with related parties	at Dec. 31, 2014	of which with related parties	Change
Other current financial payables	27	10	27	14	-
Current accrued financial liabilities and deferred financial income	59	43	55	43	4
Total	86		82		4

42. Net financial position and long-term financial receivables and securities - €6,879 million

The following table shows the net financial position and long-term financial receivables and securities.

Millions of euro

	at Dec. 31, 2015	of which with related parties	at Dec. 31, 2014	of which with related parties	Change
Long-term borrowings	(6,367)	(2,455)	(6,035)	(2,455)	(332)
Short-term borrowings	(713)	(672)	(865)	(832)	152
Current portion of long-term borrowings	(470)	-	(323)	-	(147)
Non-current financial assets included in debt	193	154	425	417	(232)
Current financial assets included in debt	93	27	425	220	
Cash and cash equivalents	385		335		50
Total	(6,879)		(6,038)		(841)

Pursuant to the CONSOB instructions of July 28, 2006, the following table reports the net financial position at December 31, 2015 and December 31, 2014, reconciled with net financial debt as provided for in the presentation methods

of the Enel Green Power Group, which are indicated in the section "Definition of performance indicators" in the report on operations.

Millions of euro

	at Dec. 31, 2015	of which with related parties	at Dec. 31, 2014	of which with related parties	Change
Bank and post office deposits	385		335		50
Securities	-	-	140	-	(140)
Liquidity	385		475		(90)
Other short-term financial receivables	93	27	285	220	(192)
Short-term bank debt	(28)		(13)		(15)
Short-term portion of long-term bank debt	(275)		(193)		(82)
Other borrowings and borrowings from related parties (short-term portion)	(195)		(130)		(65)
Other short-term financial payables	(685)	(672)	(852)	(832)	167
Total short-term financial debt	(1,183)		(1,188)		5
Net short-term financial debt	(705)		(428)		(277)
Debt to banks	(2,719)		(2,711)		(8)
Other borrowings and borrowings from related parties	(3,648)	(2,455)	(3,324)	(2,455)	(324)
Long-term financial debt	(6,367)		(6,035)		(332)
Net financial debt as per CONSOB instructions	(7,072)		(6,463)		(609)
Long-term financial receivables and securities	193	154	425	417	(232)
NET FINANCIAL DEBT	(6,879)		(6,038)		(841)

For more details, please see note 44 "Financial instruments".

43. Other current liabilities - €316 million

Millions of euro

	at Dec. 31, 2015	of which with related parties	at Dec. 31, 2014	of which with related parties	Change
Payables for sundry urbanization and license fees	30		31		(1)
Payables due to employees and social security institutions	65		51		14
Liabilities for purchase of operations and businesses	51		90		(39)
Payments on account and accrued expenses	62		79		(17)
Other liabilities	108	20	152	11	(44)
Total	316		403		(87)

For more details on the item "Payables for sundry urbanization and license fees" and "Payables 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 consideration for the acquisition of businesses in North America, with a fair value of €36 million (€79 million at December 31, 2014);
- > the recognition of the put-and-call option for the interest in Maicor Wind in the amount of €15 million (€11 million at December 31, 2014).

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 Maicor Wind options 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 contract for the development fee, taking account of the probability that the initiative would be carried out.

During the year, changes in fair value did not have a material impact on profit or loss.

44. Financial instruments

This note provides disclosures that enable users to assess the significance of financial instruments for the Group financial position and performance.

44.1 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, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014
Loans and receivables	193	424	919	1,041
Available for sale financial assets	8	3	-	140
Total financial assets at fair value through profit or loss	-	-	8	-
Derivative financial assets at FVTPL	-	-	8	-
Derivative financial assets designated as hedging instruments	7	7	12	18
Cash flow hedge derivatives	7	7	12	18
TOTAL	208	434	939	1,199

44.1.1 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, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014
Cash and cash equivalents	-	-	385	335
Trade receivables	-	-	451	440
Other financial receivables	193	424	83	266
Total	193	424	919	1,041

Trade receivables from customers are recognized net of allowances for impairment losses, which amounted to €33 million at the end of 2015, up from the opening balance of €16 million.

The table below shows impairment losses on trade receivables.

Millions of euro	at Dec. 31, 2015	at Dec. 31, 2014
	Trade receivables	
Gross value	484	456
Allowances for impairment	(33)	(16)
Net value	451	440

Note 45 "Risk Management" provides the following information:

- > the ageing of receivables past due but not impaired;
- > transfers of financial assets during the year.

44.1.2 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, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014
Payments on account for purchase of equity investments	8	3	-	-
Current securities available for sale	-	-	-	140
Total	8	3	-	140

44.1.3 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, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014		at Dec. 31, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014	
Derivative financial assets designated as hedging instruments										
Cash flow hedge:										
- on interest rate risk	162	-	2	-	2	-	-	-	-	-
- on exchange risk	20	-	-	-	-	144	-	8	-	8
- on commodity risk	8	112	5	7	(2)	78	326	4	18	(14)
Total	190	112	7	7	-	222	326	12	18	(6)
Derivatives at FVTPL:										
- on exchange risk	3	-	-	-	-	171	47	8	-	8
Total	3	-	-	-	-	171	47	8	-	8
TOTAL DERIVATIVE FINANCIAL ASSETS	193	112	7	7	-	393	373	20	18	2

As regards the hierarchy of inputs used in determining the fair value of the derivatives, they are all classified as Level 2. For more details on derivative financial assets, please see note 46 "Derivatives and hedge accounting".

44.2 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, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014
Financial liabilities measured at amortized cost	6,367	6,035	2,451	2,076
Financial liabilities measured at fair value through profit or loss	-	-	7	6
Derivative financial liabilities at FVTPL	-	-	7	6
Derivative financial liabilities designated as hedging instruments	80	96	16	1
Cash flow hedge derivatives	80	96	16	1
Total	6,447	6,131	2,474	2,083

44.2.1 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, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014
Long-term borrowings	6,367	6,035	470	323
Short-term borrowings	-	-	713	865
- of which finance leases	102	151	8	9
Trade payables	-	-	1,268	888
Total	6,367	6,035	2,451	2,076

For more details about financial leases, please see note 19 "Property, plant and equipment".

Borrowings

Long-term borrowings (including the current portion due within 12 months) - €6,837 million

The following table shows the nominal values, carrying amounts and fair values of long-term borrowings at December 31, 2015, 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	Nominal value	Carrying amount	Current portion	Portion due in more than 12 months	Fair value	Change
	at Dec. 31, 2015					at Dec. 31, 2014					
Bank borrowings:											
- fixed rate	759	743	45	698	825	604	604	18	586	684	139
- floating rate	2,271	2,251	230	2,021	2,376	2,321	2,300	175	2,125	2,469	(49)
Total bank borrowings	3,030	2,994	275	2,719	3,201	2,925	2,904	193	2,711	3,153	90
Non-bank borrowings:											
- fixed rate	1,265	1,265	187	1,078	1,452	823	823	120	703	1,007	442
- floating rate	124	123	8	115	133	176	176	10	166	190	(53)
Total non-bank borrowings	1,389	1,388	195	1,193	1,585	999	999	130	869	1,197	389
Borrowings from related parties:											
- fixed rate	2,455	2,455	-	2,455	3,046	2,455	2,455	-	2,455	3,296	-
Total borrowings from related parties	2,455	2,455	-	2,455	3,046	2,455	2,455	-	2,455	3,296	-
TOTAL LONG-TERM BORROWINGS	6,874	6,837	470	6,367	7,832	6,379	6,358	323	6,035	7,646	479

“Bank borrowings” amounted to €2,994 million (including the portion falling due within 12 months, equal to €275 million), The item is mainly composed of:

- > loans granted by the EIB to the Parent Company, totaling €627 million (€655 million at December 31, 2014). 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 (€200 million at December 31, 2014);
- > floating-rate bank loans totaling €193 million granted within a project financing structure (€242 million at December 31, 2014) to Enel Green Power España and Finerge by 10 Spanish banks, including financing from Caixa in the amount of €53 million, Sabadell in the amount of €14 million, Banco Santander in the amount of €11 million, Caja Astur in the amount of €13 million, BBVA in the amount of €40 million, Ing in the amount of €25 million, Bankia in the amount of €23 million and Portigon in the amount of €14 million;
- > floating-rate loans 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 €380 million (€423 million at December 31, 2014), for the development of wind projects in Brazil, North America, Romania and Chile;
- > a €129 million floating-rate loan from Banco Santander to Enel Green Power International BV to finance the deve-

lopment of the wind projects of Zopilopan and Bee Nee Stipa II in Mexico (€141 million at December 31, 2014);

- > a fixed-rate loan from BBVA to the subsidiary Enel Green Power México S de RL de Cv totaling €230 million (\$250 million), for the development of wind farms in Mexico (€206 million at December 31, 2014);
- > a floating-rate loan from the Santander SA Group to the subsidiary Enel Green Power México S de RL de Cv in the amount of €85 million (\$93 million), for the development of wind farms in Mexico (€72 million at December 31, 2014);
- > a fixed-rate loan from the Santander SA Group to the subsidiary Enel Green Power México S de RL de Cv in the amount of €72 million (\$79 million), for the development of wind farms in Mexico;
- > floating-rate loans for €123 million to the Parent Company (€145 million at December 31, 2014) from Intesa Sanpaolo SpA, to finance the following projects: Palo Viejo in Guatemala, Talinay in Chile and Chucas in Costa Rica. The loans benefit from an interest rate subsidy from Simest SpA;
- > loans totaling €79 million granted by BBVA to Enel Green Power Partecipazioni Speciali Srl, of which €44 million bearing a fixed rate (€88 million at December 31, 2014), for the development of wind projects in Mexico. The loans benefit from an interest rate subsidy from Simest SpA;
- > a floating-rate loan of €230 million (\$250 million) granted by BBVA to Enel Green Power Chile (€206 million at December 31, 2014);

- > a floating-rate loan of €92 million (\$100 million) granted by BCI to Enel Green Power Chile (€82 million at December 31, 2014);
- > a floating-rate loan of €138 million (\$150 million) granted by BBVA to Enel Green Power Chile (€62 million at December 31, 2014);
- > floating-rate loans for €94 million (R\$405 million) granted by IFC to Enel Brasil Participações (€131 million at December 31, 2014);
- > floating-rate loans for €56 million (R\$261 million) granted by Itaú to Enel Brasil Participações (€81 million at December 31, 2014);
- > a fixed-rate loan from IADB to the subsidiary Enel Green Power México S de RL de Cv totaling €40 million (MXN760 million) (€48 million at December 31, 2014), for the development of the Bee Nee Stipa II project in Mexico;
- > a fixed-rate loan of €28 million granted by Banco Santander to Enel Brasil Participações in December 2015;
- > a floating-rate loan of €19 million (R\$84 million) granted by BNDES to Enel Brasil Participações in December 2015;
- > floating-rate bank loans for €16 million granted primarily by Citibank and NBG Bank to a number of Greek subsidiaries (€17 million at December 31, 2014);
- > floating-rate bank loan for €9 million granted by Banco Industrial del Guatemala to Enel Guatemala (€9 million at December 31, 2014);
- > floating-rate loan of €37 million (ZAR632 million) granted in 2015 by KfW IPEX-Bank GmbH to Enel Green Power RSA (Pty) Ltd for the development of a wind project in South Africa;
- > floating-rate loan of €19 million granted in 2015 by HSBC Bank Plc to Enel Green Power RSA (Pty) Ltd for the development of wind projects in South Africa;
- > floating-rate loans totaling €27 million granted in 2015

within a project financing structure by Unicredit SpA, Société Générale and UBI Banca to the subsidiary Enel Green Power Finale Emilia Srl for building and operating a biomass plant in the Finale Emilia area, Italy.

“Non-bank borrowings” amounted to €1,388 million (including the portion falling due within 12 months totaling €195 million). They largely regard:

- > loans for tax partnership arrangements in the amount of €1,198 million (€794 million at December 31, 2014), for the North American projects of Snyder Wind Farm, Smoky Hills I, Smoky Hills II, Caney River, Prairie Rose, Chisholm View, Buffalo Dunes and Origin, as well as for the new projects of Osage, Goodwell and Little Elk, totaling €417 million;
- > loans granted within a project financing structure to subsidiaries of Enel Green Power North America in the amount of €30 million (€29 million at December 31, 2014);
- > lease contracts amounting to €106 million (€160 million at December 31, 2014) entered into by five Italian subsidiaries to develop wind and photovoltaic projects in Italy;
- > other non-bank loans of €63 million, granted to the subsidiaries of Enel Green Power RSA (Pty) Ltd to develop wind and solar projects in South Africa.

“Borrowings from related parties” include the loan from Enel Finance International NV to Enel Green Power International BV amounting to €2,455 million (€2,455 million at December 31, 2014).

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	2	30	Hydroelectric - Wind	Without recourse
Spain	7	193	Wind	Without recourse
India	2	55	Wind	With/without recourse
Italy	2	35	Biomass/Solar	Without recourse
Total	13	313		

Country	no. contracts	Millions of euro	Technology	With/without recourse
Italy	6	106	Wind - Solar	Without recourse
Total	6	106		

Loans issued within project financing structures – totaling €313 million at December 31, 2015 – 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.

The table below shows long-term borrowings by currency and interest rate.

Millions of euro	Nominal value	Carrying amount	Carrying amount	Current average interest rate	Current effective interest rate
			at Dec. 31, 2014	at Dec. 31, 2015	
	at Dec. 31, 2015	4,359	4,625	4.20%	4.27%
Euro	4,369	4,359	4,625	4.20%	4.27%
US dollar	2,062	2,053	1,462	5.99%	6.13%
Mexican peso	40	40	48	7.91%	7.91%
Brazilian real	201	196	212	8.33%	17.34%
South African rand	149	129	11	6.81%	10.75%
Indian rupee	59	59	-	12.15%	13.70%
Total non-euro currencies	2,511	2,478	1,733		
TOTAL	6,880	6,837	6,358		

Long-term borrowing denominated in currencies other than the euro increased by €744 million on the previous year. The rise is mainly attributable to:

- > three loans in tax partnerships obtained for the Osage, Goodwell and Little Elk projects in North America with a total value of €417 million;
- > bank loans from the Santander Group for projects in Mexico totaling €72 million;
- > bank loans from BBVA to the Chilean companies in the amount of €69 million;
- > bank loans from KfW IPEX-Bank GmbH to the South Afri-

can subsidiary of €37 million;

- > bank loans from HSBC Bank Plc to the South African subsidiary of €19 million;
- > non-bank financing granted by other parties to the South African subsidiary totaling €63 million;
- > loans issued within project financing structures to the Indian subsidiary totaling €55 million.

The table below shows the characteristics of the main borrowings obtained in 2015.

Type of borrowing	Issuer	Issue date	Issue amount	Original currency	Interest rate	Interest rate type	Maturity
Bank borrowings:			324				
- Italy	SG/UBI/UCI	2/18/2015	27	EUR	Euribor 3m/6m +3%/3.9%	Floating rate	6/30/2028
- Italy	Mps Leasing & Factoring	10/18/2015	1	EUR	Euribor 3m +3.898%	Floating rate	10/18/2030
- Chile	Banco BBVA	1/29/2015	69	USD	Libor 6m +2.65%	Floating rate	12/3/2021
- Brazil	Banco Santander	12/28/2015	28	EUR	Euribor 3m +2.2%	Floating rate	12/28/2017
- Brazil	BNDES	12/17/2015	19	BRL	TJLP +2.02%	Floating rate	10/15/2032
- Brazil	BNP	12/2/2015	12	BRL	Cdi +1.55%	Floating rate	12/2/2016
- Brazil	Banco Santander	8/20/2015	14	BRL	Cdi +1.60%	Floating rate	6/15/2016
- South Africa	KfW IPEX-Bank Facility B	4/1/2015	35	ZAR	6 month JIBAR +2.70%	Floating rate	6/30/2022
- South Africa	HSBC Bank	8/27/2015	30	EUR	-	Fixed rate	6/30/2029
- Mexico	Banco Santander	4/7/2015	11	USD	Libor 6m +1.95%	Floating rate	11/30/2029
- Mexico	Banco Santander	8/6/2015	77	USD	-	Fixed rate	9/30/2030
Non-bank borrowings:			290				
- North America	Union Bank	12/23/2015	80	USD	-	Fixed rate	12/23/2025
- North America	JPM, Bank of NY, Metlife	12/18/2015	190	USD	-	Fixed rate	6/9/2025
- South Africa	Pele Green Energy Nojoli Wind (Pty) Ltd Royal Bafokeng	10/3/2015	20	ZAR	-	Fixed rate	7/29/2031
Total			614				

For more details about the maturity analysis of borrowings, please see note 45 "Risk Management".

Short-term borrowings - €713 million

The following table shows short-term borrowings at December 31, 2015, broken down by nature.

Millions of euro

	at Dec. 31, 2015	of which with related parties	at Dec. 31, 2014	of which with related parties	Change
Borrowings from related parties	672	(672)	832	(832)	(160)
Borrowings from other lenders	13	-	20	-	(7)
Borrowings from banks	28	-	13	-	15
Total	713		865		(152)

“Short-term borrowings” decreased by €152 million compared with December 31, 2014, mainly due to the reduction in payables to Enel Finance International (€367 million) and

to Osage (€34 million), fully consolidated at December 31, 2015. This was partly offset by an increase in payables to the ultimate Parent Enel SpA (€238 million).

44.2.2 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, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014		at Dec. 31, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014	
Derivative financial liabilities designated as hedging instruments										
Cash flow hedges:										
- on interest rate risk	1,182	1,098	75	95	(20)	27	-	1	-	1
- on exchange risk	-	-	-	-	-	112	-	3	-	3
- on commodity risk	47	34	5	1	4	224	33	12	1	11
Total	1,229	1,132	80	96	(16)	363	33	16	1	15
Derivatives at FVTPL:										
- on exchange risk	28	-	-	-	-	941	594	7	6	1
Total	28	-	-	-	-	941	594	7	6	1
TOTAL DERIVATIVE FINANCIAL LIABILITIES	1,257	1,132	80	96	(16)	1,304	627	23	7	16

For more details on derivative financial liabilities, please see note 46 “Derivatives and hedge accounting”.

44.2.3 Net gains and losses

The following table shows net gains and losses by category of financial instruments, excluding derivatives:

Millions of euro	at Dec. 31, 2015		at Dec. 31, 2014	
	Net gains/(losses)	Of which (impairment)/reversal of impairment	Net gains/(losses)	Of which (impairment)/reversal of impairment
Loans and receivables	12	(19)	9	(19)
Total assets at FVTPL	12	(19)	9	(19)
Financial liabilities measured at amortized cost	(101)	-	(88)	-
Total liabilities at FVTPL	(101)	-	(88)	-
TOTAL	(89)	(19)	(79)	(19)

45. Risk management

45.1 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.

45.2 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, 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, 2015 and December 31, 2014, broken down by type of contract.

Millions of euro	Notional amount	
	at Dec. 31, 2015	at Dec. 31, 2014
Floating-to-fixed interest rate swaps	1,371	1,098
Total	1,371	1,098

For more details on interest rate derivatives, please see note 46 "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, 2015, 35% of long-term financial debt was floating rate (39% at December 31, 2014) without considering hedging derivatives. Considering net long-term financial debt, 33% was floating rate (35% at December 31, 2014); that exposure declines to 12% at December 31, 2015 (16% at December 31, 2014) 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, 2015		at Dec. 31, 2014		
	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 derivatives designated as hedging instruments:					
cash flow hedges	+ 25 bp		19	-	17
	- 25 bp		(19)	-	(17)

There were no changes compared with the previous period in the methods and assumptions used in the sensitivity analysis.

Exchange risk

Exchange risk is the risk that the fair value or future cash flows of financial instruments or other contractual commitments will fluctuate because of changes in foreign exchange rates.

The Group operates internationally and is exposed to exchange risk arising in respect of assets, liabilities and expected cash flows denominated in currencies other than the currency of account of each country. Group policy provides for the constant monitoring and control of all exposu-

res to exchange rates, regardless of their nature, including expected cash flows in respect of contractual commitments associated with new investments. Such monitoring and control activity is intended to define and execute effective hedges for exchange risk.

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 fixings 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, 2015 and December 31, 2014, broken down by type of hedge instrument.

Millions of euro	Notional amount	
	at Dec. 31, 2015	at Dec. 31, 2014
Currency forwards	1,373	641
Cross currency interest rate swaps (CCIRs)	46	-
Total	1,419	641

For more details, please see note 46 "Derivatives and hedge accounting".

An analysis of the Group's debt shows that 49% of long-term debt (24% at December 31, 2014) is denominated in currency other than the euro.

Considering exchange risk hedges – in the form of cross currency interest rate swaps – and 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 exchange risk decreases to around 1% (1% at December 31, 2014).

These results are in line with the limits set out in the risk management policy.

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, 2015			at Dec. 31, 2014	
	Increase/decrease in exchange rates	Pre-tax impact on income	Pre-tax impact on equity	Pre-tax impact on income	Pre-tax impact on equity
Change in the fair value of derivatives not classified as hedging instruments	10%	101	-	50	-
	-10%	(123)	-	(61)	-
Change in fair value of derivatives designated as hedging instruments:	10%	-	8	-	-
cash flow hedges	-10%	-	(9)	-	-

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 differences - CFDs), 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 resour-

ces 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, 2015 and December 31, 2014, broken down by type of instrument.

Millions of euro	Notional amount	
	at Dec. 31, 2015	at Dec. 31, 2014
Swaps and CFDs	357	505
Total	357	505

For more details, please see note 46 "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	at Dec. 31, 2015				at Dec. 31, 2014	
	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	
Swaps	10%	-	(35)	-	(23)	
	-10%	-	23	-	43	

45.3 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 diversified

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, 2015, 20 customers accounted for about 82% (77% at December 31, 2014) 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, 2015	at Dec. 31, 2014
Impaired	33	16
Not past due and not impaired	166	201
Past due but not impaired	144	72
- less than 3 months	46	38
- from 3 months to 6 months	50	9
- from 6 months to 12 months	32	4
- from 12 months to 24 months	14	13
- more than 24 months	2	8
Total	343	289

45.4 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 41% of the debt) as well as non-Group sources (about 59%) 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, 2015		at Dec. 31, 2014	
	Expiring within one year	Expiring beyond one year	Expiring within one year	Expiring beyond one year
Committed credit lines	2,159	19	2,234	520
Uncommitted credit lines			24	
Total	2,159	19	2,258	520

Maturity analysis

The table below summarizes the maturity profile of the Group's financial liabilities and derivatives based on undiscounted contractual payments.

	Less than 3 months	From 3 months to 1 year	From 1 to 2 years	From 2 to 5 years	More than 5 years
Bank borrowings:					
- fixed rate	22	23	328	88	282
- floating rate	48	210	439	548	1,034
Total	70	233	767	636	1,316
Non-bank borrowings:					
- fixed rate	45	142	291	256	2,986
- floating rate	687	6	18	19	78
Total	732	148	309	275	3,064
TOTAL	802	381	1,076	911	4,380

46. Derivatives and hedge accounting

46.1 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 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 45 "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. It does not use fair value hedges or hedges of a net investment in a foreign operation.

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, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014
Derivatives								
Cash flow hedge:								
- on interest rate risk	162	-	2	-	1,209	1,098	76	95
- on exchange risk	164	-	8	-	112	-	3	
- on commodity risk	86	438	9	25	271	67	17	2
Total	412	438	19	25	1,592	1,165	96	97

For more on the classification of hedging derivatives as non-current or current assets and non-current or current liabilities, please see note 44 "Financial instruments".

Hedge relationships by type of risk hedged

At December 31, 2015, 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, 2015, the notional amount of derivatives classified as cash flow hedges amounted to €2.004 million, with negative fair values of €96 million and positive fair values of €19 million.

46.1.1 Interest rate risk

The following table shows the notional amount and the fair value of the hedging instruments on interest rate risk of tran-

sactions outstanding as at December 31, 2015 and December 31, 2014, 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, 2015		at Dec. 31, 2014	
Interest rate swaps	Floating rate bank borrowings	74	1,371	95	1,098
Total		74	1,371	95	1,098

The notional amount of cash flow hedge derivatives is €1,371 million. The change with respect to the notional at December 31, 2014 is attributable to new cash flow hedges established during 2015 and a natural decline in the amortization of the outstanding interest rate swaps. At December 31, 2015, the negative fair value of €74 million showed an improvement of €21 million, mainly due to the general decli-

ne 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, 2015 and December 31, 2014, broken down by type of hedge.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014
Derivatives								
Cash flow hedges:								
- interest rate swaps	162	-	2	-	1,209	1,098	76	95
Total interest rate derivatives	162	-	-	-	1,209	1,098	76	95

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 at Dec. 31, 2015	Distribution of expected cash flows					
		2016	2017	2018	2019	2020	Beyond
CFHs on interest rates							
Positive fair value	2	(1)	-	-	1	1	1
Negative fair value	76	24	19	14	10	6	6

The pre-tax impact of cash flow hedge derivatives on interest rate risk on equity amounted to €18 million during the period.

46.1.2 Exchange risk

The following table shows the notional amount and the fair value of the hedging instruments on the exchange risk of transactions outstanding as at December 31, 2015 and December 31, 2014, 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, 2015		at Dec. 31, 2014	
Cross currency interest rate swaps (CCIRS)	Fixed rate bank borrowings	-	18	-	-
Currency forwards	Future cash flows denominated in foreign currency	5	258	-	-
Total		5	276	-	-

The notional amount of cash flow hedge derivatives at December 31, 2015 was equal to €276 million and the corresponding positive fair value was €5 million. The change in the notional compared with December 31, 2014, is attributable to cross currency interest rate swaps in the amount of €18 million hedging foreign currency exposures and to currency forwards in the amount of €258 million hedging the exchan-

ge risk associated with investments in solar plants in South Africa and Brazil.

The following table shows the notional amount and the fair value of hedging derivatives on exchange risk as at December 31, 2015 and December 31, 2014, broken down by type of hedge.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014
Derivatives								
Cash flow hedges:								
- currency forwards	146	-	8	-	112	-	3	-
- CCIRSs	18	-	-	-	-	-	-	-
Total exchange rate derivatives	164	-	8	-	112	-	3	-

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 exchange risk.

Millions of euro	Fair value	Distribution of expected cash flows					
	at Dec. 31, 2015	2016	2017	2018	2019	2020	Beyond
CFHs on exchange rates							
Positive fair value	8	-	(2)	(2)	(5)	(1)	(1)
Negative fair value	3	11	-	-	-	-	-

The pre-tax impact of cash flow hedge derivatives on exchange risk on equity amounted to €7 million during the period.

46.1.3 Commodity risk

The following table shows the notional amount and the fair value of derivative contracts hedging commodity risk at December 31, 2015 and December 31, 2014, broken down by type of hedging relationship.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014
Derivatives								
Swaps	86	438	9	25	271	67	17	2
Total derivatives on power	86	438	9	25	271	67	17	2

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, 2015	2016	2017	2018	2019	2020	Beyond
Positive fair value	9		5	4	1	-	-	-
Negative fair value	17		12	5	-	-	-	-

The impact of cash flow hedge derivatives on commodity risk on equity amounted to €16 million during the period.

46.2 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, 2015 and December 31, 2014 for each type of risk.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014
Derivatives at FVTPL								
On exchange risk:								
- currency forwards	174	47	8	-	941	597	7	6
- CCIRs	-	-	-	-	28	-	-	-
Total	174	47	8	-	969	597	7	6

47. 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.enel-greenpower.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.

All transactions with related parties were carried out on normal market terms and conditions.

More specifically, in 2015 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 for 2013-2015 and 2015-2017 respectively.

During 2015, 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 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.

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, 2016 to January 31, 2043 of electricity generated by new plants in Chile built during the period as well as green certificates associated with the electricity generated by those plants.

Value of the transaction: up to an estimated \$3,500 million.

Transaction party: Enel Green Power Delfina B Eólica SA, Enel Green Power Delfina C Eólica SA, Enel Green Power Delfina D Eólica SA, Enel Green Power Delfina E Eólica SA and Enel Green Power Brasil Participações Ltda, wholly-owned subsidiaries of Enel Green Power SpA;

Transaction counterparty: Centrais Elétricas Cachoeira Dourada SA and Enel Brasil SA;

Nature of relationship: company subject to the common control of Enel SpA;

Nature of the transaction: sale to Centrais Elétricas Cachoeira Dourada SA and Enel Brasil SA in the period from January 1, 2018 to December 31, 2037 of electricity generated by a new plant in Brazil;

Value of the transaction: an estimated \$582 million.

Transaction party: Enel Green Power Morro do Chapéu I Eólica SA, Enel Green Power Morro do Chapéu II Eólica SA, Enel Green Power São Abraão Eólica SA, Enel Green Power Boa Vista Eólica SA and Enel Green Power Brasil Participações Ltda, wholly-owned subsidiaries of Enel Green Power SpA;

Transaction counterparty: Centrais Elétricas Cachoeira Dourada SA and Enel Brasil SA

Nature of relationship: company subject to the common control of Enel SpA;

Nature of the transaction: sale to Centrais Elétricas Cachoeira Dourada SA and Enel Brasil SA in the period from January 1, 2018 to December 31, 2037 of electricity generated by a new plant in Brazil;

Value of the transaction: an estimated \$534 million.

Transaction party: Enel Green Power International BV

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 (multi-currency revolving facility) of €1,200 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 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 (intercompany revolving facility agreement) of €500 million. The terms and conditions of

Related parties

	Enel SpA	Enel Italia Srl	Enel Produzione SpA	Enel Trade SpA	Enel Finance International NV	Enel.Factor SpA	GSE SpA	GME SpA
Balance sheet								
Other non-current financial assets	-	-	-	-	-	-	-	-
Other non-current assets	3	-	-	-	-	-	-	-
Trade receivables	1	-	91	29	-	-	15	-
Income tax receivables	76	-	-	-	-	-	-	-
Other current financial assets and derivatives	7	-	-	-	15	-	-	-
Other current assets	37	-	-	-	-	-	68	-
Long-term borrowings (including current portion)	-	-	-	-	2,455	-	-	-
Non-current derivative liabilities	54	-	-	5	-	-	-	-
Short-term borrowings	364	-	-	-	305	-	-	-
Trade payables	18	46	42	3	-	32	1	-
Other current financial liabilities	20	-	-	9	42	-	-	-
Other current liabilities	-	-	-	7	3	-	-	-
Income statement								
Revenue from sales and services	-	-	-	135	-	-	52	568
Other revenue and income	-	-	-	-	-	-	290	-
Purchases of electricity and other fuels	-	-	2	-	-	-	-	25
Services and other materials	16	43	8	-	-	-	2	3
Net income/(expense) from commodity contracts measured at fair value	-	-	-	(16)	-	-	-	-
Net financial income/(expense) from derivatives	(82)	-	-	-	2	-	-	-
Net other financial income/(expense)	(5)	-	-	-	(179)	-	-	-

the renewal are in line with those obtainable on the debt market with banks for loans of the same amount and maturity as in this transaction.

The following table summarizes the relationships between the Group and its related parties for 2015.

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.

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								Total	Total	% of total
Terna SpA	Endesa Fortaleza	Endesa Chile	Enel Energie Muntenia SA	Enel Energie SA	Altomonte FV Srl	Other	Total	balance- sheet item	% of total	
-	-	-	-	-	140	14	154	208	74.0%	
-	-	-	-	-	-	-	3	190	1.6%	
-	1	3	2	2	4	8	156	451	34.6%	
-	-	-	-	-	-	1	77	134	57.5%	
-	-	-	-	-	1	15	38	116	32.8%	
-	-	-	-	-	-	6	111	495	22.4%	
-	-	-	-	-	-	-	2,455	6,837	35.9%	
-	-	-	-	-	-	-	59	80	73.8%	
-	-	-	-	-	2	1	672	713	94.2%	
-	-	-	-	-	1	12	155	1,268	12.2%	
-	-	-	-	-	-	3	74	109	67.9%	
-	-	-	-	-	-	10	20	316	6.3%	
-	-	-	-	-	-	-	-	-	-	
18	17	43	20	20	-	34	907	2,356	38.5%	
4	-	-	-	-	-	3	297	655	45.3%	
14	-	-	-	-	-	4	45	175	25.7%	
-	-	-	-	-	-	20	92	595	15.5%	
-	-	-	-	-	-	(7)	(23)	(25)	92.0%	
-	-	-	-	-	-	(1)	(81)	(108)	75.0%	
-	-	-	-	-	-	15	(169)	(237)	71.3%	

- > 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 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;
- > Terna SpA.

For disclosures on the remuneration of key management personnel, please see the Remuneration Report, published on the Company's website (www.enelgreenpower.com, in the "Governance" section).

48. Other contractual commitments and guarantees

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change
Guarantees given:			
- sureties and other guarantees granted to third parties	2,895	1,082	1,813
Commitments to suppliers for:			
- various supplies	1,179	1,170	9
Total	4,074	2,252	1,822

Enel Green Power SpA has outstanding guarantees associated with its debt in the amount of €4.2 billion, as discussed in the section "Borrowings".

49. 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 La-Geo, 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 shareholders' 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 precautionary 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. Under the provisions of the framework agreement, 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) that

were to occur within 6 months. On September 14, 2015, following satisfaction of those conditions, the arbitration board, acting at the request of the parties, issued a ruling declaring the settlement of the dispute.

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.

On July 7, 2015, Primavera Energia filed a motion attaching an opinion – issued by the public prosecutor of the State of Mato Grosso in another civil case begun following the complaint filed by a former manager of Enel Green Power – calling for the closure of the investigation in view of the lack of environmental damage and the fact that on the basis of the technical tests conducted the construction of hydraulic works that would enable the transit of the fish was not possible. The parties are waiting for the Federal Court to rule on the issue, but it is expected that a ruling in the first instance will take at least three years.

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 and the companies involved have filed their rejoinders.

In the closing months of 2015, the parties exchanged briefs with the associated preliminary pleadings. The proceeding is currently in the preliminary phase.

Precautionary administrative proceeding and Chucas arbitration

PH Chucas SA ("Chucas") is a special purpose entity established by Enel Green Power Costa Rica SA after it won a tender organized in 2007 by the Instituto Costarricense de Electricidad ("ICE") for the construction of a 50 MW hydroelectric plant and the sale of the power generated by the plant to ICE under a build, operate and transfer contract ("BOT").

The agreement provides for Chucas to build and operate the plant for 20 years, before transferring it to ICE.

Under the BOT contract, the plant should have entered service on September 26, 2014. For a number of reasons, including flooding, landslides and similar events, the project experienced cost overruns and delays, with a consequent delay in meeting the obligation to deliver electricity.

In view of these developments, in 2012 and 2013 Chucas submitted – at first instance and on appeal – an administrative petition to ICE to recover the higher costs incurred and obtain a postponement of the entry into service of the plant. ICE denied the petition in 2015 and in fact levied two fines of about \$9 million on Chucas for the delays in entering service.

Following the precautionary appeal lodged by Chucas, the administrative court initially suspended payment, but subsequently revoked the measure at the request of ICE. Chucas lodged an appeal for the decision to be overturned with the court and, in a subsidiary action, with the *Tribunal de Apelaciones*. The court denied the request for the decision to be overturned and transferred the case to the *Tribunal de Apelación*. In a decision announced on July 23, 2015, the latter declared that it did not have jurisdiction for procedural reasons. On July 24, 2015, ICE then requested payment of one of the fines, totaling about \$4.7 million. Chucas has therefore submitted new requests for provisional measures and the Court has granted the suspension of payment of the fine by order of July 29, 2015. ICE appealed the latter measures and on January 15 the appeal hearing was held. The Court of Appeal, finding procedural errors, sent the proceeding back to court for a new ruling, conserving the effectiveness of the provisional precautionary measure. The decision on the definitive precautionary measure is therefore still pending.

In addition, as ICE had rejected the administrative petition, on May 27, 2015, under the provisions of the BOT contract, Chucas initiated an arbitration proceeding before the *Cámara de Comercio Costarricense Norteamericana* (AMCHAM CICA) seeking reimbursement of the additional costs incurred to build the plant and as a result of the delays in completing the project as well as voidance of the fine levied by ICE. On September 29, 2015 the arbitration board was formed. The proceeding is in the initial stages. Chucas has filed its claim and ICE its rejoinder. On January 27, Chucas filed a counter-rejoinder. The arbitration hearings should take place in the first four months of 2016.

In addition, on October 3, 2015, in consideration of the violation of a number of contractual obligations (including failure to meet the deadline to complete the works) on the part

of FCC Construcción América SA and FCC Construcción SA (FCC) – which had been engaged to build some of the works for the hydroelectric plant – Chucas notified the parties that it was terminating the contract for breach, enforcing the guarantees issued to it. However, the guarantees have not yet been paid pending resolution of a precautionary proceeding initiated by FCC in Panama. On October 27, 2015, FCC sent Chucas a “notice of dispute” to begin the contractually established period of 30 days to reach an amicable settlement of the dispute and, in parallel, submitted a request for arbitration with the International Court of Arbitration in Paris. On January 25, 2016, the president of the arbitration tribunal accepted the appointment and the arbitration board was formed. The proceedings is in the preliminary stage.

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. Following questioning of the witnesses of the two parties, the *Tribunal de Primera Instancia* moved to the judgment stage. 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 lines and Ponjos and Villameca substations have been challenged by the SEO environmental organization.

On October 25, 2012, the court of first instance granted the SEO petition regarding the Villameca substation, 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. In a ruling issued on July 28, 2015, the Supreme Court denied Enel Green Power España’s appeal, upholding the ruling of the court of first instance.

On September 28, 2015 Enel Green Power España lodged an appeal with the *Tribunal Superior de Justicia* of Castilla y León seeking a ruling certifying the correct execution of the provisions of the ruling of September 30, 2013, taking due consideration of the fact that the environmental permits had been changed and the environmental impact assessment carried out in compliance with the provisions of the ruling of the court of first instance. On December 23, 2015, the *Tribunal Superior de Justicia* of Castilla y León rejected the appeal lodged by Enel Green Power España and on January 5, 2016, Enel Green Power España filed an appeal against that decision. The appeal proceeding is pending.

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 Industry, 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.

In April 2015 the Superior Court of Madrid denied the appeal concerning the Angosturas wind plant. On June 19, 2015, Enel Green Power España therefore lodged an appeal with the Supreme Court against the ruling of the Superior Court of Madrid.

CIS and Interporto Campano

On December 4, 2009 and August 4, 2010 Enel Green Power SpA signed, with Interporto Campano and Centro Ingresso 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).

In November 2015, Enel Green Power and CIS appealed the ruling of January 31, 2015. Both CIS and Enel Green Power asked for the ruling to be voided (although CIS limited its request to a number of parts of the decision) and consequently the damages as quantified in the arbitration hearing.

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.

On February 18, 2015, the arbitration board issued a preliminary ruling rejecting Enel Green Power's petition for a ruling of lack of jurisdiction. On October 8, a technical expert was appointed. The proceeding is in the preliminary phase.

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).

On March 6, 2015, the Court of Nola issued an order in which it acknowledged that the precautionary measures were not necessary and ruled that the issues at hand had terminated. In August 2015, Enel Green Power lodged an appeal to obtain a revision of the precautionary measure issued by the Court of Nola ordering the performance of the fire risk mitigation works on the part of Enel Green Power. More specifically, Enel Green Power asked the Court of Nola to order CIS and Interporto to pledge security equal to the amount of the works in execution. In August, 2015, the Court ruled that the Enel Green Power appeal was inadmissible. That ruling

was upheld by the full panel of judges of the same Court in October 2015.

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 the 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. With an order of November 2, 2015, the Court adjourned the case until submission of final pleadings at a hearing scheduled for November 18, 2016.

Bagnore 3

In March 2015, Forum Ambientalista filed an appeal with the Tuscany Regional Administrative Court against the decision with which the Province of Grosseto issued the omnibus environmental permit to Enel Green Power SpA for the renewal (under Articles 269 and 281, paragraph 1, of Legislative Decree 152/2006) of the permit for atmospheric emissions originated by the operation of the Bagnore 3 geothermal plant. The appeal was accompanied by a petition for the precautionary suspension of the effects of the appealed measures. With an order of April 17, 2015, the Tuscany Regional Administrative Court denied the request for suspension of the permit and ordered the environmental association to pay court costs.

The proceeding on the merits continues. The next hearing has yet to be scheduled.

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.

With a ruling of May 26, 2015, the Council of State found that the appeals lodged by the WWF, Forum Ambientalista and Italia Nostra against the ruling in first instance of the Tuscany Regional Administrative Court were inadmissible.

Enel.si litigation

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 considered 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 (judgments nos. 63/01/2012, 2/01/2013, 42/01/13 and 54/01/2015). 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 ruled in the company's favor for the first case (judgment no. 1576/14) and rulings are pending in the other cases. The favorable ruling of the Regional Tax Commission has been appealed by the Piacenza Customs Office before the Court of Cassation and ruling is pending.

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 (until April).

With the findings of the audit conducted by the Finance Police following the inspection, the Revenue Agency – Regional Office of Lazio – levied three fines against Enel.si for erroneous application of the facilitated rate of 10% on the photovoltaic panels for the years covered by the audit 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 all three cases (judgments nos. 928/13/15, 3158/06/15 and 7960/32/15). The Revenue Agency – Regional Office of Lazio has appealed the first two rulings before the Regional Tax Commission of Lazio.

The Revenue Agency, acting on the findings of the Finance Police, denied the deductibility of the costs incurred in 2010 for the purchase of photovoltaic from parties resident in countries with favorable tax systems (namely Switzerland and Hong Kong), assessing greater taxable income for IRES and IRAP purposes in the amount of €5,210,818.40. The assessments have been appealed before the Provincial Tax Commission of Rome.

On the basis of the Finance Police audit findings, the Customs Office of Rome also fined Enel.si a total of €1.2 million, which has been appealed before the Provincial Tax Commission of Rome and for which a favorable ruling was issued (no. 15397/46/15).

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 specific 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 support for the appropriateness of the company's conduct is provided by the favorable rulings issued by the Provincial Tax Commission of Piacenza, the Regional Tax

Commission of Bologna and the Provincial Tax Commission of Rome.

The documentation provided during the audit also supported the legal basis for the deduction of the costs incurred for the purchase of photovoltaic panels from parties resident in countries with favorable tax systems.

In view of the response to the query submitted and the favorable rulings issued by the Tax Commissions, the company considers the risk of unfavorable rulings in the audit to be remote.

Enelpower do Brasil

Enelpower do Brasil is currently involved in litigation concerning the PIS and 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:

- > as regards the PIS: the definitive cancellation of the amount due of about R\$12.7 million in present value (about €3.8 million);
- > as regards the COFINS:
 - 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;
 - 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 installments 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 installment 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.

50. Events after the reporting period ⁽³⁴⁾

Enel Green Power sells minority stakes in two US wind farms

January 4, 2016 - Enel Green Power SpA ("Enel Green Power") announced that its subsidiary Enel Green Power North America, Inc. ("EGP NA") has entered into two agreements with GE Energy Financial Services, a unit of General Electric (NYSE: GE), to sell 24% of its "Class A" interest in Chisholm View Wind Project LLC, owner of the 235 MW Chisholm View wind farm in Oklahoma, and its "Class A" interest in Prairie Rose Wind LLC, owner of the 200 MW Prairie Rose wind farm in Minnesota. The total consideration for the two transactions is about \$74 million, which was paid upon completion of the agreement. As a result of the transactions, EGP NA's stake in the two companies has been reduced to 51% from the previous 75%, while GE Energy Financial Services' stake (held indirectly through EFS Chisholm and EFS Prairie Rose) has been increased to 49% from the previous 25%. Following the closing of the transactions, EGP NA's controlling stakes and GE Energy Financial Services' minority stakes in both Chisholm View Wind Project LLC and Prairie Rose Wind LLC have been transferred to the joint venture EGP NA Renewable Energy Partners LLC (EGP NA REP), which is 51% held by Enel Green Power and 49% held by GE Energy Financial Services. EGP NA will retain responsibility for the daily administration, operation and maintenance activities of these assets.

The sale of minority interests to GE Energy Financial Services is part of the Enel Green Power Group's strategy to actively manage its portfolio of assets and leverage current growth opportunities, in line with the current business plan.

Enel Green Power puts the Carrera Pinto photovoltaic plant in Chile into service

January 4, 2016 - Enel Green Power has completed and connected to the grid the first 20 MW of its 97 MW Carrera Pinto photovoltaic plant, located in the Chilean region of Atacama. The solar plant is owned by Parque Solar Carrera Pinto SA, a subsidiary of Enel Green Power Chile Ltda. The remaining 77 MW of the photovoltaic facility are expected to be completed and enter into service by the 2nd Half of 2016. Once fully operational, Carrera Pinto will be able to generate over 260 GWh each year – equivalent to the annual power consumption needs of around 122 thousand Chilean households – while avoiding the emission of more than 127 thousand metric tons of CO₂. Enel Green Power is investing about \$180 million in the construction of Carrera Pinto, as part of the investments envisaged in the company's current business plan. The project is financed through the Enel Green Power Group's own resources and is supported by a long-term power purchase agreement (PPA).

The electricity generated by the Carrera Pinto solar plant, which is located 60 kilometers from the city of Copiapó, will be delivered to Chile's Central Region Transmission Network (*Sistema Interconectado Central*, SIC).

Enel Green Power currently operates a portfolio of plants in Chile that have a combined installed capacity of around 600 MW, of which 340 MW comes from wind power, 174 MW from solar and 92 MW from hydropower. In addition, Enel Green Power currently has close to 600 MW of projects under construction, which, when completed, will bring the company's total installed capacity in Chile to about 1,200 MW.

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

Among these projects, Enel Green Power is building Cerro Pabellón, South America's first geothermal plant that has a gross installed capacity of 48 MW, in partnership with ENAP.

Enel Green Power shareholders approve integration of Enel Green Power into Enel

January 11, 2016 - The Extraordinary Shareholders' Meeting of Enel Green Power SpA ("Enel Green Power") approved the partial non-proportional spin-off of Enel Green Power into Enel SpA (the "Spin-Off"). The Extraordinary Shareholders' Meeting of Enel SpA ("Enel") was also called following the Enel Green Power meeting to approve the Spin-Off. More specifically, the Extraordinary Shareholders' Meeting of Enel Green Power approved, without amendment or addition, the spin-off project (the "Spin-Off Project"), which envisages: - the assignment by Enel Green Power to Enel of the spun-off assets, essentially represented by (i) the 100% stake held by Enel Green Power in Enel Green Power International BV, a Dutch holding company that holds investments in companies operating in the renewable energy sector in North, Central and South America, Europe, South Africa and India; and (ii) the assets, liabilities, contracts and other legal relationships associated with those investments (the "Spun-Off Assets"); and the retention by Enel Green Power of all remaining assets and liabilities other than those that are part of the Spun-Off Assets (and thus, essentially, all Italian operations and a small number of remaining foreign investments). Since the transaction involves a non-proportional spin-off, it envisages that (i) shareholders of Enel Green Power other than Enel may exchange all the shares they hold in Enel Green Power with Enel shares and (ii) Enel will exchange the shares corresponding to its stake in the Spun-Off Assets with Enel shares, which will be immediately cancelled in accordance with Article 2504-ter, paragraph 2, and Article 2506-ter, paragraph 5, of the Italian Civil Code. The Spin-Off will be carried out on the basis of an exchange ratio of 0.486 newly issued Enel shares for each Enel Green Power share tendered for exchange (the "Exchange Ratio"), with no cash adjustment. As a result, as of the effective date of the Spin-Off, Enel Green Power will reduce its share capital by an amount equal to the value of the Spun-Off Assets, while Enel will increase its share capital to serve the Spin-Off. Specifically, the share capital of Enel Green Power will be reduced from the current total of €1,000,000,000 to a total of €272,000,000.

Enel will issue up to 770,588,712 new shares – which will rank for dividend *pari passu* and with a par value of €1.00 each – to be assigned to minority shareholders of Enel Green Power in accordance with the Exchange Ratio. As of the effective date of the Spin-Off, Enel will be the sole shareholder of Enel Green Power, and Enel Green Power shares will cease to be traded on the Mercato Telematico Azionario, the stock exchange organized and operated by Borsa Italiana SpA ("MTA"), and on the Spanish electronic trading system (*Sistema de Interconexión Bursátil*, SIBE).

Right of withdrawal and right of sale

The shareholders of Enel Green Power that do not approve the Spin-Off will be entitled to exercise the right of withdrawal pursuant to Article 2437, paragraph 1, letter a) of the Civil Code (the "Right of Withdrawal"), or the right to have their Enel Green Power shares purchased by Enel pursuant to Article 2506-bis, paragraph 4, of the Civil Code (the "Right of Sale"). The Right of Withdrawal and the Right of Sale may be exercised at the unit settlement value for Enel Green Power shares, determined in accordance with Article 2437-ter, paragraph 3, of the Civil Code, which is equal to €1.780 per Enel Green Power share, within fifteen days of the date of registration of the resolution approving the Spin-Off with the Rome Company Register. In accordance with the applicable provisions of law, in the event of the exercise of the Right of Withdrawal and/or the Right of Sale, the associated shares will be made unavailable by the intermediary with which the shares are held until the completion of the Spin-Off. Accordingly, following the exercise of such rights, the withdrawing shareholder may no longer conduct transactions in those shares. The effectiveness of the Right of Withdrawal and the Right of Sale, and therefore the associated settlement of the shares with payment of the above settlement value to the shareholders, are subject to the completion of the Spin-Off.

The assignment of Enel shares to Enel Green Power shareholders other than Enel will take place, on a dematerialized basis through authorized intermediaries, as from the date of the effectiveness of the Spin-Off in accordance with the procedures and timetable to be announced in compliance with the applicable regulations. The share exchange will be free of charge to Enel Green Power shareholders. For more information on the procedures for the assignment of the newly issued Enel shares to Enel Green Power shareholders, please see the information document drafted jointly by the companies participating in the Spin-Off pursuant to Article 70, paragraph 6, of the CONSOB Issuers Regulation – which has been made available

to the public by Enel Green Power and Enel at their respective registered offices, their websites (www.enelgreenpower.com and www.enel.com), and with the authorized storage mechanism "NIS-Storage" (www.emarketstorage.com) – as well as the information that will be made available promptly by Enel Green Power in compliance with applicable regulations. Enel Green Power shareholders who, on the effective date of the Spin-Off, own Enel Green Power shares admitted for trading on the Spanish continuous electronic trading system (*Sistema de Interconexión Bursátil*, SIBE) through the Iberclear system will be entitled to sell the Enel shares received in exchange on the MTA, with no additional costs associated with a sale on a foreign market. This right may be exercised within the month following the effective date of the Spin-Off. To this end, Enel and Enel Green Power will appoint a special intermediary (an "entidad de enlace"). At the end of the above one-month period, the aforementioned shareholders will be able to buy or sell Enel shares in Italy on the MTA through authorized intermediaries, paying the associated transaction costs.

Condition precedent

The completion of the Spin-Off is subject to the condition that the total settlement value of any Enel Green Power shares for which the Right of Withdrawal or the Right of Sale are duly exercised does not exceed €300 million. This condition precedent shall also be deemed being met – including where the above limit is exceeded – where Enel, within 60 calendar days of the last registration in the Rome Company Register of the shareholders' resolutions of Enel Green Power and Enel approving the Spin-Off, declares its intention to acquire the shares for which the above exit rights have been exercised.

Effectiveness of the Spin-Off

The Spin-Off will take statutory effect as from the last of the registrations of the Spin-Off instrument with the Rome Company Register, or any subsequent date that such instrument might specify, pursuant to Article 2506-*quater* of the Civil Code. As from the same date, transactions involving the Spin-Off Assets will be recognized in the Enel financial statements, with the start of accounting and tax effects. Subject to the condition precedent specified above, the closing of the Spin-Off is scheduled to take place by the end of the 1st Quarter of 2016.

As of the effective date of the Spin-Off, Enel will be the sole shareholder of Enel Green Power, and Enel Green Power shares will cease to be traded on the Mercato Telematico Azionario, the electronic stock exchange organized and operated by

Borsa Italiana SpA and on the Spanish electronic continuous trading system.

Enel Green Power begins construction of new wind farm in the United States

January 15, 2016 - Enel Green Power SpA ("Enel Green Power") announced that the company has started building its new 108 MW Drift Sand wind project in Oklahoma. The wind farm, which is owned by Drift Sand Wind Project LLC, a subsidiary of Enel Kansas LLC held by Enel Green Power North America Inc. ("EGP NA"), is expected to be completed and enter into service by the end of 2016. Once fully operational, the facility will be able to generate around 480 GWh annually, providing enough electricity to power the equivalent of more than 39 thousand US households. The construction of Drift Sand requires an investment of about \$180 million and is part of the investments envisaged in the company's current business plan. The project is financed through the Enel Green Power Group's own resources and all of the power and green certificates from Drift Sand will be sold under a long-term power purchase agreement (PPA).

The Drift Sand wind project is located in Grady County, Oklahoma. EGP NA operates six wind farms in Oklahoma, with a total capacity of about 1 GW.

Enel Green Power begins construction of new wind farm in Brazil

January 20, 2016 - Enel Green Power has started building its Delfina wind farm in Brazil's north-eastern State of Bahia. The new facility is owned by five special purpose vehicles held by Enel Green Power Brasil Participações Ltda, will have a total installed capacity of 180 MW and will be completed and enter service in the 1st Half of 2017. Once completed, Delfina will be able to generate more than 800 GWh per year, enough to meet the annual energy consumption needs of 390 thousand Brazilian households while avoiding the emission of more than 270 thousand metric tons of CO₂ into the atmosphere.

Enel Green Power will be investing about \$400 million in the construction of the wind farm, which comes as part of the

investments outlined in the company's current business plan. The project will be financed through the Enel Green Power Group's own sources and supported by a long-term power purchase agreement (PPA).

Enel Green Power begins construction of innovative photovoltaic plant at La Silla Observatory in Chile

February 11, 2016 - Enel Green Power has started building the innovative 1.7 MW La Silla photovoltaic plant in northern Chile, named after the neighboring astronomical observatory it will supply with its clean energy. The photovoltaic project and the observatory are located on a mountain near La Higuera, a town in the Coquimbo region that is on the outskirts of the Atacama Desert, 600 km north of the capital city Santiago. Enel Green Power will invest about \$3.4 million in the construction of the plant, which is expected to be completed in the 1st Half of this year. The La Silla plant will utilize state-of-the-art panels, including innovative smart, bifacial modules. The smart module boasts a microchip that optimizes production from each panel by allowing it to deliver electricity to the grid regardless of any malfunctions affecting other panels, unlike conventional modules where one malfunctioning panel can affect production of the other working panels. The bifacial module captures solar energy from both sides of the panel, unlike traditional modules, which capture energy from just one side.

La Silla will be the first utility-scale photovoltaic plant in the world to combine the use of smart and bifacial modules with conventional modules for side-by-side testing, during which the performance of the innovative technologies will be compared with those of the conventional panels in the same site. The use of innovative panels is expected to increase power generation at the facility by between 5% and 10% compared with a conventional photovoltaic plant of equal size. The new facility, which has a long-term power purchase agreement (PPA) with the La Silla astronomical observatory, will deliver its electricity to Chile's Central Region Interconnected System (SIC). Once fully operational, the plant will be able to generate about 4.75 GWh each year, equivalent to the electricity needs of approximately 2 thousand households and more than 50% of the observatory's annual power consumption. The clean energy generated by the plant will avoid the emission of over 2 thousand metric tons of CO₂ into the atmosphere.

The La Silla observatory is equipped with several optical tele-

scopes with mirror diameters of up to 3.6 meters. The facility belongs to the European Southern Observatory (ESO1), the pre-eminent intergovernmental astronomical research organization. ESO is carrying out an ambitious program focused on the design, construction and operation of powerful ground-based astronomical observation facilities, and has the aim of enabling important scientific discoveries. As well as La Silla, ESO owns the Paranal and Chajnantor observatories, also located in the Atacama Desert.

Enel Green Power wins tender and enters Peruvian market

February 18, 2016 - Enel Green Power, acting through its subsidiary Enel Green Power Perú, has been awarded the right to sign 20-year power supply contracts for 126 MW of wind power, 180 MW of photovoltaic (180 MW of direct current equal to about 144 MW of alternating current) and 20 MW of hydro capacity following the renewable tender launched by the Peruvian government through the energy regulator OSINERGMIN. With 326 MW awarded in the tender, by 2018 Enel Green Power will become the main renewables player in Peru and the only company operating plants with three different renewable technologies in the country. Enel Green Power will be investing about \$400 million in the construction of the renewables facilities, which are expected to begin operation by 2018, in line with the investments outlined in the company's current business plan. The 20-year supply contracts awarded to Enel Green Power provide for the sale of specified volumes of electricity generated by the plants.

The 126-MW Nazca wind project will be built in the Marcona district, which is located in Peru's southern coastal area, more specifically in the Ica department, an area with a high level of wind resources. Once up and running, the project will generate about 600 GWh per year, while avoiding the emission of around 370 thousand metric tons of CO₂ into the atmosphere. The 180-MW Rubi photovoltaic project will be built in the Moquegua district, which is located in Peru's southern area, more specifically in the Moquegua department, an area with a high level of solar radiation. Once up and running, the facility will generate about 440 GWh per year, while avoiding the emission of around 270 thousand metric tons of CO₂ into the atmosphere. The hydro project Ayanunga, with a capacity of about 20 MW, will be built in the Monzón district, which is located in Peru's central area, more specifically in the Huánuco department. Once up and running, the hydro plant will generate about 140

GWh annually, while avoiding the emission of nearly 109 thousand metric tons of CO₂ into the atmosphere. Peru has a vast renewable energy potential that is still largely unexploited. The tender is part of the country's efforts to diversify its energy mix by increasing the share of renewables to 5% from the current 2% by 2018, in line with the targets set out in Legislative Decree 1002/2008.

Integration of Enel Green Power into Enel: results of exercise of rights of withdrawal and sale of Enel Green Power shares

February 18, 2016 - Enel SpA ("Enel") and Enel Green Power SpA ("Enel Green Power") announced that, on the basis of the results obtained, the right of withdrawal and the right of sale arising from the partial non-proportional spin-off of Enel Green Power to Enel (the "Spin-Off") were validly exercised for 16,406,123 ordinary shares of Enel Green Power (the "Shares"), at the unit settlement value of €1.780 per share, for an aggregate amount of €29.2 million. The Shares represent around 0.33% of Enel Green Power's share capital. The total value of the Shares involved is therefore below the threshold of €300 million, set as a condition for the completion of the Spin-Off. The right of withdrawal and the right of sale could be exercised by January 29, 2016, exclusively by Enel Green Power shareholders who did not concur with the approval of the Spin-Off by the Extraordinary Shareholders' Meeting of Enel Green Power, held on January 11, 2016. The Shares will be offered on an optional pre-emption basis to the shareholders of Enel Green Power pursuant to Article 2437-*quater* of the Italian Civil Code, from February 19, 2016 to March 21, 2016 inclusive. The terms and procedures of the offer on an optional pre-emption basis will be outlined in the associated notice, which are published on the authorized storage mechanism "NIS-Storage" (www.emarketstorage.com) and on the Enel Green Power website at www.enelgreenpower.com. On February 19, 2016 that notice will be filed with the Company Register of Rome and published in the newspapers *Il Sole 24 Ore* and *Milano Finanza*. Enel has declared its intention to fully exercise the option right for the purchase of the Shares it is entitled to, as well as to exercise the right of pre-emption for any Shares unsold pursuant to Article 2437-*quater*, paragraph 3, of the Italian Civil Code. The effectiveness of the right of withdrawal and the right of sale and therefore the settlement

procedure for the Shares, as well as the completion of the offer on an optional pre-emption basis are subject to the completion of the Spin-Off, which is expected to occur by the end of the 1st Quarter of 2016.

Enel Green Power with Nareva and Siemens awarded preferred bidder status for 850 MW of wind capacity in Morocco

March 10, 2016 - Enel Green Power, in consortium with the Moroccan energy company Nareva Holding ("Nareva") and the German wind turbine manufacturer Siemens Wind Power, was awarded "preferred bidder status" at the "2nd phase of the wind integrated project" tender held by the Moroccan utility ONEE (*Office National de l'Electricité et de l'Eau Potable*). The consortium has been pre-awarded the right to develop, design, finance, construct, operate and maintain five wind projects in Morocco with a total capacity of 850 MW, to be confirmed following the signing of the purchase agreements for the energy generated by the plants. Out of the five projects, Midelt (150 MW), Tanger (100 MW) and Jbel Lahdid (200 MW) are located in northern Morocco while Tiskrad (300 MW) and Boujdour (100 MW) are located in the country's south.

Enel Green Power and Nareva will establish and own five special purpose vehicles (SPV) holding the projects. Siemens Wind Power will provide the wind turbines, with various components manufactured locally.

The construction of the five plants will require a total investment of approximately €1 billion. Enel Green Power will fund the cost of the project corresponding to its 50% shareholding with a mix of equity and debt, the latter through project finance facilities provided by international financial institutions. Enel Green Power's investment is in line with the growth targets set out in the company's current strategic plan (2016-2019). The wind farms are expected to be completed and enter operation between 2017 and 2020. In line with the tender rules, the energy generated by the five wind farms will be sold to ONEE under 20-year-power purchase agreements. Once completed, the five facilities will contribute to meeting Morocco's growing energy demand and the country's objective to increase power produced from renewable sources. Renewables currently account for about 32% of Morocco's generation mix, and the country aims to increase this share to 42% by 2020 and 52% by 2030.



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, 2015, 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 adoption of 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, 2015 and December 31, 2015.
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, 2015:
 - 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 accompanying the financial statements of the Enel Green Power Group at December 31, 2015 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 21, 2016

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 2015 consolidated financial statements of the Enel Green Power Group

**Independent auditor's report
in accordance with articles 14 and 16 of Legislative Decree n. 39, dated January 27,
2010
(Translation from the original Italian text)**

To the Sole Shareholder of
Enel Green Power S.p.A.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of the Enel Green Power Group, which comprise the balance sheet as of December 31, 2015, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flow for the year then ended, a summary of significant accounting policies and the notes to the financial statements.

Directors' responsibility for the consolidated financial statements

The Directors of Enel Green Power S.p.A. are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement art. 9 of Legislative Decree n. 38, dated February 28, 2005.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) implemented in accordance with article 11, paragraph 3 of Legislative Decree n. 39, dated January 27, 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Enel Green Power Group as of December 31, 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with article 9 of Legislative Decree n. 38, dated February 28, 2005.

Report on other legal and regulatory requirements

Opinion on the consistency of the Report on Operations and of specific information of the Report on Corporate Governance and Ownership Structure with the consolidated financial statements

We have performed the procedures required under audit standard SA Italia n. 720B in order to express an opinion, as required by law, on the consistency of the Report on Operations and of specific information of the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4 of Legislative Decree n. 58, dated February 24, 1998, with the consolidated financial statements. The Directors of Enel Green Power S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure in accordance with the applicable laws and regulations. In our opinion the Report on Operations and the specific information of 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, 2015.

Rome, April 12, 2016

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)







Separate financial statements



Income Statement

Euro	Notes	2015		2014	
			<i>of which with related parties</i>		<i>of which with related parties</i>
Revenue and income					
Revenue from sales and services	5	946,483,431	842,234,916	870,556,093	870,544,746
Other revenue and income	6	310,876,311	288,382,939	608,492,636	340,519,581
	<i>[Subtotal]</i>	1,257,359,742		1,479,048,729	
Costs					
Electricity purchases	7	39,301,732	38,208,346	37,100,288	37,086,214
Services and other materials	8	396,296,283	157,696,889	259,304,227	134,224,127
Personnel	9	187,712,116	-	146,557,162	
Depreciation, amortization and impairment losses	10	286,900,486		303,339,327	
Other operating expenses	11	83,957,094	6,166	68,611,115	2,514
Capitalized costs	12	(25,514,952)		(30,426,743)	
	<i>[Subtotal]</i>	968,652,759		784,485,376	
Net income/(expense) from commodity contracts measured at fair value	13	(16,059,045)	(16,059,045)	74,049,185	74,049,185
Operating income		272,647,938		768,612,538	
Income from equity investments	14	8,475,648	8,475,648	38,576,283	38,576,283
Net financial income/(expense) from derivatives	15	(66,946,834)	(66,946,834)	(16,427,201)	(16,427,201)
Net other financial income/(expense)	16	(19,187,335)	11,274,474	(94,932,347)	(77,437,131)
	<i>[Subtotal]</i>	(77,658,521)		(72,783,265)	
Income before taxes		194,989,417		695,829,273	
Income taxes	17	(102,532,976)		(260,457,047)	
Net income from continuing operations		92,456,441		435,372,226	
Net income from discontinued operations	18	-		(4,335,025)	
Net income for the year		92,456,441		431,037,201	

Statement of Comprehensive Income

Euro

	2015	2014
Net income for the year	92,456,441	431,037,201
<i>Other comprehensive income</i>		
Remeasurement of defined-benefit obligation	(209,128)	(2,845,985)
Other comprehensive income not recyclable to profit or loss (a)	(209,128)	(2,845,985)
Gain/(Loss) on cash flow hedge derivatives	(12,466,898)	(20,000,965)
Other comprehensive income recyclable to profit or loss (b)	(12,466,898)	(20,000,965)
Total other comprehensive income/(loss) for the period (after tax) (a+b)	(12,676,026)	(22,846,950)
Total comprehensive income/(loss) for the period	79,780,415	408,190,251

Balance Sheet

Euro	Notes				
ASSETS		at Dec. 31, 2015	<i>of which with related parties</i>	at Dec. 31, 2014	<i>of which with related parties</i>
Non-current assets					
Property, plant and equipment	19	4,676,136,059	-	4,847,103,496	-
Intangible assets	20	31,617,724	-	28,125,101	-
Goodwill	21	6,370,310	-	6,370,310	-
Deferred tax assets	22	140,464,032	-	136,035,609	-
Equity investments	23	5,458,249,423	-	4,592,561,676	-
Derivatives	24	2,098,792	2,098,792	2,268,421	2,268,421
Other non-current financial assets	25	154,577,167	151,841,112	27,208,189	24,655,532
Other non-current assets	26	9,837,652	2,711,841	8,690,825	2,766,078
	<i>[Total]</i>	10,479,351,159		9,648,363,627	
Current assets					
Inventories	27	33,296,965	-	89,045,755	-
Trade receivables	28	412,671,953	331,640,643	358,426,735	328,680,940
Tax receivables	29	80,950,980	75,358,872	2,625,243	433
Derivatives	24	6,158,697	6,158,697	10,539,952	10,539,952
Other current financial assets	30	16,064,182	15,815,070	792,979,731	792,690,078
Other current assets	31	157,983,258	112,207,647	208,893,324	118,238,011
Cash and cash equivalents	32	10,047,777	-	19,020,067	-
	<i>[Total]</i>	717,173,812		1,481,530,807	
TOTAL ASSETS		11,196,524,971		11,129,894,434	

		at Dec. 31, 2015	<i>of which with related parties</i>	at Dec. 31, 2014	<i>of which with related parties</i>
LIABILITIES AND SHAREHOLDERS' EQUITY					
Share capital		1,000,000,000	-	1,000,000,000	-
Reserves		4,629,995,266	-	4,642,735,941	-
Retained earnings (loss carried forward)		1,095,239,874	-	824,202,673	-
Net income for the year		92,456,441	-	431,037,201	-
TOTAL SHAREHOLDERS' EQUITY	33	6,817,691,581		6,897,975,815	
Non-current liabilities					
Long-term borrowings	34	1,880,177,471	1,200,000,000	1,956,298,130	1,200,000,000
Post-employment and other employee benefits	35	32,099,324	-	39,219,189	-
Provisions for risks and charges	36	121,007,313	-	60,256,528	-
Deferred tax liabilities	22	7,154,975	-	9,475,171	-
Derivatives	24	43,436,263	40,955,287	51,924,721	47,909,736
Other non-current liabilities	37	44,550,144	-	55,328,890	-
	<i>[Total]</i>	2,128,425,490		2,172,502,629	
Current liabilities					
Short-term borrowings	34	1,749,326,824	1,749,314,903	1,567,883,542	1,562,406,998
Current portion of long-term borrowings	34	76,140,844	-	55,089,067	-
Current portion of long-term provisions and short-term provisions	36	23,595,975	-	16,251,888	-
Trade payables	38	256,100,002	132,332,974	247,129,469	122,259,342
Income tax payables	39	-	-	30,844,325	30,527,563
Derivatives	24	26,068,462	11,524,592	5,171,413	5,171,413
Other current financial liabilities	40	29,489,114	28,025,563	30,202,287	27,532,916
Other current liabilities	42	89,686,679	8,978,851	106,843,999	5,946,308
	<i>[Total]</i>	2,250,407,900		2,059,415,990	
TOTAL LIABILITIES		4,378,833,390		4,231,918,619	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		11,196,524,971		11,129,894,434	

Statement of Changes in Equity (note 33)

Euro

	Share capital	Legal reserve	Revaluation reserve
At Dec. 31, 2013 restated	1,000,000,000	200,000,000	137,963,823
Other changes	-	-	-
Allocation of 2013 net income			
Dividends paid	-	-	-
Retained earnings	-	-	-
Comprehensive income			
Income/(Loss) recognized directly in equity	-	-	-
Net income/(loss) for the year	-	-	-
At Dec. 31, 2014	1,000,000,000	200,000,000	137,963,823
Allocation of 2014 net income			
Dividends paid	-	-	-
Retained earnings	-	-	-
Comprehensive income			
Income/(Loss) recognized directly in equity	-	-	-
Net income/(loss) for the year	-	-	-
At Dec. 31, 2015	1,000,000,000	200,000,000	137,963,823

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
(5,447,523)	(4,730,356)	4,335,834,785	694,360,826	289,841,848	6,647,823,403
-	-	1,962,162	(1)	-	1,962,161
-	-	-	-	(160,000,000)	(160,000,000)
-	-	-	129,841,848	(129,841,848)	-
(20,000,965)	(2,845,985)	-	-	-	(22,846,950)
				431,037,201	431,037,201
(25,448,488)	(7,576,341)	4,337,796,947	824,202,673	431,037,201	6,897,975,815
				(160,000,000)	(160,000,000)
-	-	-	271,037,201	(271,037,201)	-
(12,466,898)	(209,128)	(64,649)	-	-	(12,740,675)
				92,456,441	92,456,441
(37,915,386)	(7,785,469)	4,337,732,298	1,095,239,874	92,456,441	6,817,691,581

Statement of Cash Flows

Euro

	Notes	2015	of which with related parties	2014	of which with related parties
Income before taxes for the year		194,989,417		695,829,273	
Income before taxes of discontinued operations		-		(4,335,025)	
Adjustments for:					
Depreciation, amortization and impairment losses	10	286,900,486		301,507,795	
Provisions for risks and charges and post-employment and other employee benefits		95,888,484		18,289,397	
Dividends from subsidiaries, associates and other companies	14	(8,475,648)	(8,475,648)	(38,576,283)	(38,576,283)
Net financial (income)/expense from derivatives and net other financial expense		86,064,257	55,672,360	111,359,547	93,864,332
(Gains)/Losses and other non-monetary items		6,599,559	2,172,172	(207,599,680)	(207,599,680)
<i>Cash flows from operating activities before changes in net current assets</i>		<i>661,966,555</i>		<i>876,475,024</i>	
<i>- of which discontinued operations</i>		<i>-</i>		<i>4,335,025</i>	
Increase/(Decrease) in provisions for risks and charges and post-employment and other employee benefits		(34,670,323)		(28,209,021)	
(Increase)/Decrease in inventories		55,748,790		(42,708,359)	
(Increase)/Decrease in trade receivables and payables	28, 38	(47,027,371)	7,113,930	(34,009,448)	38,643,632
(Increase)/Decrease in other current and non-current assets/liabilities		(144,288,867)	(93,790,645)	(166,759,122)	5,234,195
Interest income/(expense) and other financial income/(expense) collected/(paid)		35,691,335		(24,859,563)	
Dividends collected from subsidiaries, associates and other companies	14	8,462,848	8,462,848	37,416,367	37,416,367
Income taxes paid		(202,678,226)	(180,898,803)	(204,193,612)	(129,599,505)
Cash flows from operating activities (a)		333,204,741		413,152,266	
Investments in property, plant and equipment	19	(237,802,572)		(268,654,680)	
Investments in intangible assets	20	(14,245,618)		(16,031,964)	
Disposals of property, plant and equipment and intangible assets	19, 20	-		-	
Equity investments	23	(661,506,767)	(661,506,767)	411,332,773	411,332,773
Reimbursement of equity investments	23	102,536,688	102,536,688	(652,454,710)	(652,454,710)
Disposals of equity investments	23	-		223,679,073	
Cash flows used in investing activities (b)		(811,018,270)		(302,129,508)	
Financial debt: new long-term borrowing/(repayments)	34	(55,068,882)		(33,230,984)	
Financial debt/(receivables): repayments and other net changes	25, 30, 34	683,910,121	683,910,121	(559,926,688)	(559,926,688)
Other changes	25, 30, 34	-	-	652,454,710	652,454,710
Dividends paid	33	(160,000,000)	(109,261,649)	(160,000,000)	(109,261,649)
Cash flows from financing activities (c)		468,841,239		(100,702,962)	
<i>- of which discontinued operations</i>		<i>-</i>		<i>(8,835,025)</i>	
Increase/(Decrease) in cash and cash equivalents (a+b+c)		(8,972,290)		10,319,796	
Cash and cash equivalents at the beginning of the year	32	19,020,067		8,700,271	
Cash and cash equivalents at the end of the year	32	10,047,777		19,020,067	

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, 2015, which are an integral part of the Annual Report 2015 as referred to in Article 154-ter, paragraph 1, of the Consolidated Finance Act (Legislative Decree 58 of February 24, 1998). The Company's duration is established in the Bylaws as until December 31, 2100.

On March 21, 2016, the Board authorized the publication of these separate financial statements at December 31, 2015. 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, 2015 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 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 transformation of capital contributions to Group companies into debt) are not reported in the cash flow statement but are instead referred to in the notes to the balance sheet items involved in 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. That cost includes the fair value attributed in the recognition of contingent consideration. Any subsequent changes in fair value and those components are taken to 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 shareholder's 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.

3. Recently issued accounting standards

For more information on recently issued accounting standards, please see the notes to the consolidated financial statements, with the exception of standards that do not apply to the preparation of separate financial statements.

4. Non-recurring corporate transactions in 2015

As already discussed in the section "Significant events in 2015," on **October 16, 2015** an agreement was reached for the establishment of an equally held joint venture between Enel Green Power SpA ("Enel Green Power") and F2i SGR SpA ("F2i"), in the name and on behalf of F2i - Fondi Italiani per le Infrastrutture, together with their respective subsidiaries Enel Green Power Solar Energy Srl and F2i Energie Rinnovabili Srl.

Accordingly, in the 3rd Quarter of 2015, Enel Green Power SpA carried out the following transactions for the purpose of establishing the joint venture with F2i SGR:

- > on October 21, 2015, Enel Green Power transferred the photovoltaic operations consisting of all the assets and liabilities in respect of photovoltaic plants located in Italy and wholly owned by Enel Green Power SpA (with an installed capacity of 73.8 MW, and its investments held in Enel Green Power San Gillio Srl and Enel Green Power Strambino Srl, which in turn own two photovoltaic plants in Italy (with a total installed capacity of 7.3 MW) to Altomonte FV Srl, then 100% owned by Enel Green Power Solar Energy Srl (of which Enel Green Power SpA in turn holds 100%);
- > on October 21, 2015 Enel Green Power SpA and Enel Gre-

en Power Solar Energy Srl established the company Ultor Srl with the contribution of their respective interests in Altomonte FV Srl;

- > on October 30, 2015, Enel Green Power SpA and Enel Green Power Solar Energy Srl established the company Marte Srl with the contribution of their respective interests in Ultor Srl, which was subsequently transformed into Ultor SpA.

On December 31, 2015, the merger of F2i Solare 1 Srl and F2i Solare 3 Srl into Ultor Srl took effect, which brought F2i Energie Rinnovabili into Ultor Srl as a shareholder. Following the merger, then, Ultor SpA is 50% owned by Marte Srl (Enel Green Power Group) and 50% owned by F2i Energie Rinnovabili (F2i Group).

Enel Green Power also has an option to acquire an additional stake of 2.5% of Ultor, which can be exercised for six months as from January 1, 2018.

The transaction did not exceed the significance threshold referred to in recital no. 9 of Regulation (EC) 809/2004 and as a consequence pro forma information was not prepared.

As already discussed in the section "Significant events in 2015," on **November 18, 2015** the Boards of Directors of Enel SpA ("Enel") and Enel Green Power SpA ("Enel Green Power") approved a project for the non-proportional spin-off (the "Spin-Off Project") of part of Enel Green Power into Enel (the "Spin-Off"). The Spin-Off envisages:

- > the assignment by Enel Green Power to Enel of the spun-off assets, essentially represented by (i) the 100% stake held by Enel Green Power in Enel Green Power International BV, a Dutch holding company that holds investments in companies operating in the renewable energy sector in North, Central and South America, Europe, South Africa and India; and (ii) the assets, liabilities, contracts and other legal relationships associated with those investments (the "Spun-Off Assets");
- > the retention by Enel Green Power of all remaining assets and liabilities other than those that are part of the Spun-Off Assets (and thus, essentially, all Italian operations and a small number of remaining foreign investments).

Since the transaction involves a non-proportional spin-off, it is expected that (i) shareholders of Enel Green Power other than Enel may exchange all the shares they hold in Enel Green Power with Enel shares and (ii) Enel will exchange the shares

corresponding to its stake in the Spun-Off Assets with Enel shares, which will be immediately cancelled in accordance with Article 2504-ter, paragraph 2, and Article 2506-ter, paragraph 5, of the Italian Civil Code. The Spin-Off will be carried out on the basis of an exchange ratio of 0.486 newly issued Enel shares for each Enel Green Power share tendered for exchange (the "Exchange Ratio"), with no cash adjustment. As a result, as of the effective date of the Spin-Off, Enel Green Power will reduce its share capital by an amount equal to the value of the Spun-Off Assets while Enel will increase its share capital to cover the consideration for the Spun-Off Assets. Specifically, Enel will issue up to 770,588,712 new shares – with full rights and a par value of 1 euro each – to be issued to minority shareholders of Enel Green Power in accordance with the Exchange Ratio. As of the effective date of the Spin-Off, Enel will be the sole shareholder of Enel Green Power, and Enel Green Power shares will cease to be traded on the Mercato Telematico Azionario, the stock exchange organized and operated by Borsa Italiana SpA ("MTA"), and on the Spanish continuous electronic trading system (*Sistema de Interconexión Bursátil*, SIBE).

The Spin-Off Project was prepared on the basis of the statements of the respective financial positions of Enel and Enel Green Power as of September 30, 2015, as approved by their respective Boards of Directors on November 17, 2015 pursuant to and for the purposes of the combined provisions of Article 2501-*quater* and Article 2506-ter of the Civil Code. For the purposes of determining the exchange ratio and the criterion for the non-proportional allocation of shares in the exchange, the Boards of Directors of Enel and Enel Green Power have taken into account the nature of the transaction and adopted valuation techniques customary for similar transactions nationally and internationally. To this end, they engaged the following financial advisors: (i) for Enel, Credit Suisse and J.P. Morgan; (ii) for Enel Green Power, Barclays and Mediobanca.

With regard to the above transaction, the Board determined that as of the reporting date all of the requirements provided for by IFRS 5 for such classification had not yet been met, namely: (i) the fact that favorable resolutions of the Shareholders' Meetings of Enel Green Power SpA and Enel SpA, held in January 2016, were key to the operation and the outcome of those votes was not predictable at the reporting date; (ii) a series of formal conditions precedent, including in particular the limit on the settlement value for withdrawing shareholders; and (iii) the possible opposition of Company creditors. Consequently, on the basis of their judgments and careful assessments, the Board felt that all of the requirements to identify a discontinued operation at the reporting date had not yet been met.

Information on the Income Statement

Revenue and income

5. Revenues from sales and services - €946 million

Millions of euro

	2015	of which with related parties	2014	of which with related parties	Change
Electricity	734	734	770	770	(36)
Other sales and services	212	108	101	101	111
Total	946		871		75

Revenue from "Electricity" amounted to €734 million (€770 million in 2014) and is entirely accounted for by transactions with related parties. It reflects sales of power amounting to 12,794 GWh (13,867 GWh in 2014), and mainly regard:

- > €571 million in respect of 10,560 GWh of electricity sold on the Power Exchange (€526 million and 9,979 GWh in 2014);
- > €134 million in respect of 2,206 GWh sold to Enel Trade SpA under bilateral contracts (€187 million and 3,504 GWh in 2014);
- > €18 million in revenue from the Energy Account (€24 million in 2014);
- > €9 million in revenue from incentives for renewables generation other than photovoltaic (€2 million in 2014).

In 2014 the item also included €24 million in revenue from the sale of 383 GWh to the ESO at subsidized prices (€25 million and 296 GWh in 2014) 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.

"Other sales and services" amounted to €212 million (€101 million in 2014), and include:

- > €104 million from the sale of photovoltaic panels for the construction of the plants in South Africa (none in 2014);
- > €63 million from the design, construction and start-up of plants for subsidiaries (€65 million in 2014);
- > €45 million from management fees and other coordination services on behalf of subsidiaries (€33 million in 2014).

Revenue from sales and services break down by geographical area as follows.

Millions of euro

	2015	2014	Change
Italy	863	795	68
Europe	17	15	2
North America	19	15	4
Central and South America	47	46	1
Total	946	871	75

6. Other revenue - €311 million

Millions of euro

	2015	of which with related parties	2014	of which with related parties	Change
Green certificates	283	283	334	334	(51)
Other revenue and income	28	5	274	7	(246)
Total	311		608		(297)

“Green certificates” amounted to €283 million. They regard revenue for green certificates awarded on the 2,832 GWh of electricity generated by IAFR-qualified plants (€334 million in revenue for green certificates awarded on 3,457 GWh in 2014).

The revenue includes €132 million in respect of 1,316 GWh generated by geothermal plants (€155 million and 1,605 GWh in 2014), €86 million in respect of the 865 GWh generated by wind farms (€97 million and 976 GWh in 2014) and €65 million in respect of the 651 GWh generated by hydroelectric plants (€85 million and 876 GWh in 2014).

The revenue includes:

- > €139 million for green certificates sold to third parties (at an average unit price of €99.68/MWh);
- > €82 million for green certificates withdrawn from the ESO (at a unit price of €100.08/MWh);
- > €60 million for 598 GWh of green certificates accrued but not yet credited to the ownership account of Enel Green Power SpA (at a unit price of €100.08/MWh);
- > €2 million for 22 GWh of green certificates credited to the ownership account of Enel Green Power SpA but not yet sold (at an average unit price of €100.08/MWh).

“Other revenue and income” mainly comprises:

- > €5 million from the pass-through of costs for seconded personnel (€6 million at December 31, 2014), mainly to the subsidiaries in Central and South America (€2 million in 2015 and 2014) and North America (€1 million in 2015 and €2 million in 2014);
- > €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, 2014);
- > €4 million from the sale of thermal energy under district heating contracts with individuals, companies and public entities (€5 million at December 31, 2014).

In 2014 the item included €243 million in respect of the settlement agreement with Inversiones Energéticas SA de Cv (INE), which also involved the disposal of the interest in La-Geo (€148 million) and the indemnity provided for under the off-take agreement with Sharp regarding the output of the 3Sun Srl factory (€95 million).

Costs

7. Electricity - €39 million

The item amounted to €39 million (€37 million in 2014) and is almost entirely accounted for by transactions with related parties. More specifically, it includes:

- > €24 million for electricity purchased from GME SpA (€4 million in 2014);
- > €6 million for electricity purchased from Terna SpA (€21 million in 2014);

- > €7 million for the accrual to provisions for risks and charges for imbalances that could be generated by the cancellation of Authority resolution no. 522 of 2014;

In 2014, the item included €9 million for electricity purchased from Enel Energia SpA for the operation of plant auxiliary services, directly or indirectly connected with power generation, illumination services and motive power.

The increase essentially reflects higher costs for electricity purchased from GME (€20 million) and the provisions for ri-

isks and charges (none in 2014), partly offset by a reduction in costs for dispatching services from Terna SpA (€8 million).

8. Services and other materials - €396 million

Millions of euro

	of which with related parties		of which with related parties		Change
	2015		2014		
Services	162	74	154	79	8
Leases and rentals	62	7	56	3	6
Net provisions for risks and charges	15	-	-	-	15
Other materials	157	77	49	52	108
Total	396		259		137
<i>of which capitalized raw materials costs</i>	2		2		-

Costs for "Services" concerned related parties in the amount of €74 million (€79 million in 2014) and third parties in the amount of €88 million (€75 million in 2014).

Costs for services from related parties mainly include:

- > €33 million for services provided by Enel Italia Srl, mainly in respect of its "global service" relationship, IT services, administrative services and human resource administration (€27 million in 2014);
- > €16 million for management fees and other support services provided by the ultimate parent company Enel SpA (€21 million in 2014);
- > €8 million for energy management services provided by Enel Produzione SpA (€7 million in 2014);
- > €3 million in fees and other amounts paid to GME SpA for transport capacity rights (€11 million in 2014).

Costs for services from third parties mainly regard:

- > €27 million for plant maintenance and repair services (€23 million in 2014), which also include plant construction costs for subsidiaries;
- > €16 million for professional and technical services and strategic, management and organizational consulting, auditing and other costs (€17 million in 2014);

- > €12 million in insurance premiums on sundry policies to cover risks (€13 million in 2014);
- > €12 million in costs for employee-related services (€11 million in 2014);
- > €12 million in costs for transport, storage and deposit services (€1 million in 2014);
- > €3 million in net provisions for litigation.

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 (€71 million in 2015 and €56 million in 2014).

"Other materials" mainly include €114 million in costs for the purchase of photovoltaic panels from 3Sun Srl, including changes in stocks (€2 million at December 31, 2014), and €36 million for the purchase of materials not intended for inventories (€36 million at December 31, 2014), mainly comprising reagents for the operation of a number of generation plants (€12 million at December 31, 2015 and €9 million in 2014) and the purchase of other materials not intended for inventories (€23 million at December 31, 2015 and €25 million at December 31, 2014).

9. Personnel - €188 million

Millions of euro

	2015	2014	Change
Wages and salaries	106	106	-
Social security contributions	32	33	(1)
Post-employment benefits	1	7	(6)
Other long-term benefits	1	-	1
Other costs	48	1	47
Total	188	147	41
<i>of which capitalized</i>	<i>(24)</i>	<i>(26)</i>	<i>2</i>

Personnel costs totaled €188 million, an increase of €41 million, due to the provision of €48 million for early retirement incentives, partly offset by the release of the provision for electricity discounts (€5 million) following the termination of the collective regulation of rate subsidies for retired personnel.

“Wages and salaries” amounted to €106 million (unchanged from €106 million in 2014).

“Social security contributions” amounted to €32 million (€33 million in 2014). They include contributions to INPS and smaller social security institutions in the amount of €30 million (€30 million in 2014) and employer contributions to defined-contribution plans in the amount of €2 million (€3 million in 2014). The item breaks down as follows.

Millions of euro

	2015	2014	Change
Social security contributions on short-term benefits	30	30	-
INAIL	1	1	-
INPS	29	29	-
Social security contributions on defined-contribution plans	2	3	(1)
Fopen	2	2	-
Fondenel	-	1	(1)
Total	32	33	(1)

The following table reports the average workforce by category and the headcount at December 31, 2015, with comparative figures for 2014.

	Workforce			
	2015		2014	
	Average	Final	Average	Final
Senior managers	82	83	95	90
Middle managers	316	335	277	282
Office staff	936	969	892	898
Blue collar	691	703	708	702
Total	2,025	2,090	1,972	1,972

10. Depreciation, amortization and impairment losses - €287 million

Millions of euro

	2015	2014	Change
Depreciation	276	280	(4)
Amortization	11	8	3
Impairment losses and reversals	-	15	(15)
Total	287	303	(16)
<i>of which capitalized</i>	-	2	(2)

“Depreciation” of property, plant and equipment regarded power plants in the amount of €245 million (€245 million in 2014), buildings in the amount of €25 million (€30 million in 2014) and other tangible assets in the amount of €6 million (€5 million in 2014). The decrease of €4 million in depreciation is attributable to a decline in depreciation of factories.

“Impairment losses and reversals” amounted to €15 million

in 2014, 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.

11. Other operating expenses - €84 million

Millions of euro

	2015	2014	Change
Net accruals to provisions for risks and charges	25	18	7
Levies and membership fees	30	29	1
Taxes and duties	21	15	6
Capital losses	4	-	4
Other operating expenses	4	7	(3)
Total	84	69	15

“Net accruals to provisions for risks and charges” amounted to €25 million (€18 million in 2014). They comprise the accrual to the local property tax provision in the amount of €21 million (€5 million in 2014), to the plant dismantling, restoration and retirement provision totaling €5 million (€10 million in 2014), the electricity discount provision in the amount of €2 million and the release of the litigation provision in the amount of €3 million (provision of €4 million in 2014).

“Levies and membership fees” mainly regard amounts paid

to municipalities, provinces and regions that host power 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).

“Taxes and duties” mainly include local property tax (€18 million in 2015 and €12 million in 2014).

12. Capitalized costs - €26 million

Millions of euro

	2015	2014	Change
Personnel	24	26	(2)
Materials	2	2	-
Depreciation and amortization	-	2	(2)
Total	26	30	(4)

“Personnel”, down €2 million compared with 2014, 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 - €(16) million

Millions of euro

	2015	of which with related parties	2014	of which with related parties	Change
Income					
Income from commodity contracts closed during the period	9	9	76	76	(67)
Total income	9		76		(67)
Expenses					
Expense from commodity contracts closed during the period	(25)	(25)	(2)	(2)	(23)
Total expense	(25)		(2)		(23)
TOTAL NET INCOME/(EXPENSE) FROM COMMODITY CONTRACTS MEASURED AT FAIR VALUE	(16)		74		(90)

The net income on commodity risk management is entirely attributable to charges and income on CFH derivatives contracts with related parties that were closed at December 31, 2015.

14. Income from equity investments - €8 million

“Income from equity investments” amounted to €8 million (€39 million in 2014), and comprise dividends from the Italian subsidiaries, largely Maicor Wind Srl (€4 million), Enel Green Power Calabria Srl (€3 million) and Energia Eolica Srl

(€1 million).

In 2014, the item included €30 million in dividends from the 2013 net income of LaGeo SA de Cv, the entire interest in which was sold in 2014.

15. Financial income/(expense) from derivatives - €(67) million

Millions of euro

	2015	<i>of which with related parties</i>	2014	<i>of which with related parties</i>	Change
Income from derivatives					
Income from trading derivatives	36	36	2	2	34
Total income from derivatives	36		2		34
Expense from derivatives					
Expense on cash flow hedge derivatives	(11)	(11)	(11)	(11)	-
Expense on trading derivatives	(92)	(92)	(8)	(8)	(84)
Total expense from derivatives	(103)		(19)		(84)
TOTAL INCOME/(EXPENSE) FROM DERIVATIVES	(67)		(17)		(50)

For more detail on derivatives, please see note 45 "Derivatives and hedge accounting".

16. Net other financial income/(expense) - €(19) million

Millions of euro

	2015	<i>of which with related parties</i>	2014	<i>of which with related parties</i>	Change
Foreign exchange gains	76	76	11	11	65
Interest and other income from financial assets	37	36	24	18	13
Total financial income	113		35		78
Interest and other expense on financial liabilities	(116)		(130)		14
- long-term borrowings	(91)	(70)	(98)	(73)	7
- short-term borrowings	(25)	(25)	(28)	(28)	3
- other financial expense	(13)	(5)	(14)	(5)	1
- capitalized financial expense	13	-	10	-	3
Total financial expense	(132)		(130)		(2)
TOTAL NET FINANCIAL INCOME/(EXPENSE)	(19)		(95)		76

"Net financial expense" decreased by €76 million in reflection of an increase of €78 million in financial income associated with foreign exchange gains and interest income, partly offset by an increase of €2 million in financial expense.

For "Capitalized financial expense", the average rate used to calculate the amount, taking account of generic and specific financing, was 5.1%, in line with the Group's average cost of funds.

17. Income taxes - €103 million

Millions of euro

	2015	2014	Change
Current taxes	100	247	(147)
Adjustments for prior years	9	2	7
Deferred tax (assets)/liabilities	(6)	11	(17)
Total	103	260	(157)

“Current taxes” amounted to €100 million (€247 million in 2014) and mainly include €98 million in ordinary taxation (€198 million in 2014), which is calculated by applying tax rates in force for the 2015 tax year (27.5% for corporate income tax – IRES and 4.66% for regional business tax – IRAP), €2 million (€17 million in 2014) in respect of the withholding tax levied on management fees in a number of foreign countries.

“Deferred tax (assets)/liabilities” mainly regard the adjust-

ment of deferred tax assets to take account of the deductibility of personnel costs for employees with permanent contracts and the reduction in IRES from 27.5% to 24% as from the 2017 tax year, as provided for in the 2016 Stability Act.

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

	2015	2014
Income before taxes	195	691
Theoretical taxes	54	190
IRES surtax (Robin Hood tax)	-	38
Impact of Robin Hood tax unconstitutionality	-	20
IRAP	19	37
Permanent differences and minor items	30	(25)
Effective tax	103	260
	52.6%	37.6%

Permanent differences and minor items mainly include the effect of the application of deductibility limits on certain costs established in the Uniform Income Tax Code, as well as

the tax exemption of dividends from equity investments that meet the requirements for the participation exemption under Article 87 of the Uniform Income Tax Code.

18. Net income from discontinued operations

In 2015, the item was equal to zero. 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.

Information on the Balance Sheet

Assets

Non-current assets

19. Property, plant and equipment - €4,676 million

Developments in property, plant and equipment in 2015 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 payments on account	Total
Cost	1,270	7,930	29	85	301	9,615
Accumulated depreciation	(396)	(4,295)	(26)	(51)	-	(4,768)
Balance at December 31, 2014	874	3,635	3	34	301	4,847
Capital expenditure	7	62	1	3	165	238
Capitalized borrowing costs	-	-	-	-	13	13
Depreciation	(25)	(245)	(1)	(5)	-	(276)
Impairment losses	-	(4)	-	-	-	(4)
Disposals	(9)	(127)	-	-	(3)	(139)
Assets entering service	8	107	-	2	(117)	-
Other changes	(1)	1	-	-	(3)	(3)
Total change	(20)	(206)	-	-	55	(171)
Cost	1,275	7,969	30	90	356	9,720
Accumulated depreciation	(421)	(4,540)	(27)	(56)	-	(5,044)
Balance at December 31, 2015	854	3,429	3	34	356	4,676

The following table reports the net values at December 31, 2015 and December 31, 2014 of property, plant and equipment and assets under construction and advances by type.

Millions of euro

	at Dec. 31, 2015	<i>of which assets under construction and advances</i>	at Dec. 31, 2014	<i>of which assets under construction and advances</i>	Change
Land and buildings	855	1	875	1	(20)
Power plants:					
- hydroelectric	1,649	83	1,625	87	24
- geothermal	1,331	167	1,366	132	(35)
- wind	644	35	665	25	(21)
- photovoltaic	102	17	230	11	(128)
- other	25	21	5	1	20
Total power plants	3,751	323	3,891	256	(140)
Equipment and other assets	48	14	43	9	5
Total assets in use	3,799	337	3,934	265	(135)
Leasehold improvements	4	-	3	-	1
Advances	18	18	35	35	(17)
TOTAL	4,676	356	4,847	301	(171)

The decrease in the item amounted to €171 million, essentially attributable to the net balance of capital expenditure (€238 million), depreciation (€276 million) and the contribution of photovoltaic assets to Altomonte FV Srl (€139 million).

The following table summarizes capital expenditure in 2015 and 2014 by type. Investment totaled €251 million in 2015, a decrease of €28 million on 2014.

Millions of euro

	2015	2014	Change
Power plants:			
- geothermal	112	164	(52)
- hydroelectric	81	79	2
- wind	10	15	(5)
- biomass	22	6	16
- solar	11	5	6
Other operating investments	15	10	5
Total	251	279	(28)

20. Intangible assets - €31 million

Millions of euro	Copyrighted software	Assets under development and advances	Total
Cost	44	7	51
Accumulated amortization	(23)	-	(23)
Balance at December 31, 2014	21	7	28
Capital expenditure	10	4	14
Amortization	(11)	-	(11)
Total changes	(1)	4	3
Cost	54	11	65
Accumulated amortization	(34)	-	(34)
Balance at December 31, 2015 ⁽¹⁾	20	11	31

(1) The difference with respect to the amounts reported in the balance sheet is attributable to rounding into millions of euros.

“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 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 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, as it was generated in a merger of entities under common control.

22. Deferred tax assets and deferred tax liabilities - €140 million and €7 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	Increase/ (Decrease) taken to equity	
	at January 1, 2015			at December 31, 2015
Accruals to provisions for risks and charges with deferred deductibility				
Depreciation and amortization with deferred deductibility	18	15		33
Post-employment and other employee benefits	97	(10)		87
Derivative financial instruments	9	-	(1)	8
Total deferred tax assets	13	-	(1)	12
Accruals to provisions for risks and charges with deferred deductibility				
	137	5	(2)	140
Deferred tax liabilities				
Differences in the value of property, plant and equipment and intangible assets	6	1		7
Derivative financial instruments	3		(3)	-
Total deferred tax liabilities⁽¹⁾	9	1	(3)	7

(1) The difference with respect to the amounts reported in the balance sheet is attributable to rounding into millions of euros.

Millions of euro		Increase/ (Decrease) taken to income statement	of which impact of Robin Hood tax	Increase/ (Decrease) taken to equity	of which impact of Robin Hood tax	
	at January 1, 2015					at December 31, 2014
Deferred tax assets						
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
Total deferred tax assets	144	(13)	(22)	6	(6)	137
Deferred tax liabilities						
Differences in the value of property, plant and equipment and intangible assets	8	(2)	(2)	-	-	6
Derivative financial instruments	2	-	-	1	1	3
Total deferred tax liabilities	10	(2)	(2)	1	1	9

“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 €140 million (€137 million at December 31, 2014) and €7 million (€9 million at December 31, 2014). Note that Article 1, paragraph 61, of Law 208 of December

28, 2015 (the 2016 Stability Act) reduced the IRES rate to 24% as from January 1, 2017. For temporary differences that will be reversed as from 2017, the 2015 financial statements already reflect the recalculation of deferred taxation using the new rate of 24%, with a net effect of €13 million.

23. Equity investments - €5,461 million

Millions of euro

	Carrying amount			% holding	Acquisitions	Disposals/Transfers	Equity increases/ (repayments)		Other reclassifications	Carrying amount		% holding
	Value adjustments	at Dec. 31, 2014	Cost				Value adjustments	at Dec. 31, 2015				
	at December 31, 2014				Changes in 2015				at December 31, 2015			
Subsidiaries												
Enel Green Power International BV	4,185	-	4,185	100.00%	-	-	305	-	-	4,490	-	100.00%
3Sun Srl	105	(89)	16	33.30%	-	-	449	-	-	554	(89)	100.00%
Renovables de Guatemala SA	92	-	92	51.00%	11	-	-	-	-	103	(4)	57.00%
Enel Green Power Solar Energy Srl	78	(6)	72	50.00%	-	-	-	-	-	78	(6)	100.00%
Parque Eólico Talinay Oriente SA ⁽¹⁾	44	-	44	34.56%	-	-	2	-	-	46	-	34.56%
PH Chucas SA ⁽²⁾	44	(4)	40	22.17%	-	-	1	-	-	45	(4)	22.17%
Enel Green Power Calabria Srl	42	-	42	100.00%	-	-	-	-	-	42	-	100.00%
Maicor Wind Srl	25	-	25	60.00%	-	-	15	-	-	40	-	60.00%
Enel Green Power Partecipazioni Speciali Srl	17	-	17	100.00%	-	-	-	-	-	17	-	100.00%
Enel Green Power Finale Emilia Srl	9	-	9	70.00%	-	-	-	-	-	9	-	70.00%
Energia Eolica Srl	4	-	4	51.00%	9	-	-	-	-	13	-	100.00%
Enel Green Power San Gillio Srl	3	-	3	80.00%	-	(3)	-	-	-	-	-	-
Enel Green Power Puglia Srl	12	(10)	2	100.00%	-	-	2	-	-	14	(10)	100.00%
Taranto Solar Srl	1	-	1	51.00%	1	-	-	-	-	2	-	100.00%
Enel Green Power CAI Agroenergy Srl	1	-	1	100.00%	-	-	-	-	-	1	-	100.00%
Enel Green Power Villoresi Srl	1	-	1	51.00%	-	-	-	-	-	1	-	51.00%
Enel Green Power Strambino Srl	-	-	-	60.00%	-	-	-	-	-	-	-	-
Altomonte Srl ⁽³⁾	-	-	-	-	-	146	(102)	(44)	-	-	-	-
Ultor Srl ⁽³⁾	-	-	-	-	-	44	-	(44)	-	-	-	-
Marte Srl ⁽³⁾	-	-	-	-	-	44	36	-	-	80	-	98.04%
Associates												
Terrae SpA	15	-	15	20.00%	-	-	-	-	-	15	-	20.00%
Joint ventures												
PowerCrop Srl	24	-	24	50.00%	-	-	-	-	-	24	-	50.00%
Total equity investments ⁽⁴⁾	4,702	(109)	4,593		21	231	708	(88)	5,574	(113)	5,461	

(1) The company is a subsidiary as Enel Green Power SpA holds 34.56% and Enel Green Power Chile SA holds 60.92%.

(2) The company is a subsidiary as Enel Green Power SpA holds 22.17% and Enel de Costa Rica SA holds 40.3%.

(3) The increase and concomitant decrease during 2015 in the investment in Altomonte FV and Ultor SpA is attributable to the corporate reorganization discussed in the section "Non-recurring transactions in 2015".

(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 49% held by Eurowind SA in Energia Eolica Srl;
- > the acquisition of the remaining 49% held by Marfin Srl in Taranto Solar Srl;
- > the exercise of the call option for the purchase of 6.16% of Renovables de Guatemala from Simest;
- > the acquisition of 66.7% held by STMicroelectronics (“STM”) and Sharp in 3Sun, implementing the agreement signed with those parties in July 2014, as discussed in the section “Significant events in 2014” in the Annual Report 2014.

“Disposals” are entirely accounted for by the sale of the investments in Enel Green Power San Gillio and Enel Green Power Strambino Solar Srl as part of the contribution of photovoltaic assets by Enel Green Power SpA to Altomonte FV Srl.

“Equity increases/repayments” mainly regard:

- > a recapitalization in respect of the subsidiary 3Sun Srl (€449 million);
- > the contribution of capital to Enel Green Power International BV (€305 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 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, in an amount estimated at December 31, 2015 of €15 million (€11 million at December 31, 2014), under a put-and-call option held by Plt Energia. The value of the option is equal to €14 million.

The following table lists equity investments in subsidiaries, associates and joint ventures at December 31, 2015, with key company information.

Millions of euro	Registered office	Share capital	Shareholders' equity	2015 net income/(loss)	% holding	Carrying amount
Subsidiaries						
Enel Green Power International BV	Netherlands	245	4,252	(85)	100.00%	4,490
3Sun Srl	Italy	35	484	(6)	100.00%	465
Renovables de Guatemala SA	Guatemala	217	279	14	57.00%	99
Enel Green Power Solar Energy Srl	Italy	-	68	-	100.00%	72
Parque Eólico Talinay Oriente SA ⁽¹⁾	Chile	152	161	1	34.56%	46
PH Chucas SA ⁽²⁾	Costa Rica	-	153	(2)	22.17%	41
Enel Green Power Calabria Srl	Italy	-	44	1	100.00%	42
Maicor Wind Srl	Italy	21	23	1	60.00%	40
Enel Green Power Partecipazioni Speciali Srl	Italy	-	7	2	100.00%	17
Enel Green Power Finale Emilia Srl	Italy	10	8	(1)	70.00%	9
Energia Eolica Srl	Italy	5	9	-	100.00%	13
Enel Green Power Puglia Srl	Italy	1	3	(1)	100.00%	4
Taranto Solar Srl	Italy	-	2	-	100.00%	2
Enel Green Power CAI Agroenergy Srl	Italy	-	-	-	100.00%	1
Enel Green Power Villoresi Srl	Italy	1	1	-	51.00%	1
Marte Srl	Italy	5	97	-	98.04%	80
Associates						
Terrae SpA ⁽³⁾	Italy	19	50	(8)	20.00%	15
Joint ventures						
PowerCrop Srl	Italy	4	23	(2)	50.00%	24
Total equity investments ⁽⁴⁾						5,461

(1) The company is a subsidiary as Enel Green Power SpA holds 34.56% and Enel Chile SA holds 60.92%.

(2) The company is a subsidiary as Enel Green Power SpA holds 22.17% and Enel de Costa Rica SA holds 40.3%.

(3) Figures at December 31, 2014

(4) The difference with respect to the amounts reported in the balance sheet is attributable to rounding into millions of euros.

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 - €(41) million (non-current) and €(20) million (current)

Millions of euro	Non-current		Current	
	at Dec. 31, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014
Derivative financial assets	2	2	6	11
Derivative financial liabilities	(43)	(52)	(26)	(5)
Total	(41)	(50)	(20)	6

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 - €155 million

Millions of euro	at Dec. 31, 2015	of which with related parties	at Dec. 31, 2014	of which with related parties	Change
Other long-term financial receivables	152	152	25	25	127
Total	155		27		128

"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 Altomonte FV Srl in the amount of €140 million (none at December 31, 2014), Enel Green Power Strambino

Solar Srl in the amount of €1 million (unchanged compared with December 31, 2014) and Enel Green Power Finale Emilia in the amount of €10 million (unchanged compared with December 31, 2014). At December 31, 2014, the item included a loan to 3Sun Srl in the amount of €13 million, which Enel Green Power SpA waived to carry out part of the recapitalization of the company.

26. Other non-current assets - €10 million

Millions of euro	at Dec. 31, 2015	of which with related parties	at Dec. 31, 2014	of which with related parties	Change
Cash deposits with third parties	1	-	1	-	-
Other receivables	7	3	7	3	-
Total	10		9		1

"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 - €33 million

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change
Materials and equipment	31	65	(34)
Green certificates	2	24	(22)
Total	33	89	(56)

Inventories of materials and equipment amounted to €31 million (€65 million at December 31, 2014), and include €13 million in photovoltaic panels purchased from 3Sun following the agreement with Sharp Corporation (€49 million at December 31, 2014) and €18 million in geothermal and wind materials

and equipment (€16 million at December 31, 2014).

Inventories of green certificates include €2 million in green certificates accrued and credited on the Company's certificate account but not yet sold (€24 million at December 31, 2014).

28. Trade receivables - €413 million

Millions of euro

	at Dec. 31, 2015	of which with related parties	at Dec. 31, 2014	of which with related parties	Change
Sale of electricity	123	123	136	136	(13)
Other receivables	290	209	222	193	68
Total	413		358		55

Receivables for the "sale of electricity" amounted to €123 million (€136 million at December 31, 2014). They regard:

- > electricity sales to the EMO through Enel Produzione SpA in the amount of €91 million (€112 million at December 31, 2014);
- > electricity sales and related commodity risk management performed by Enel Trade for a total of €28 million (€15 million at 31 December 2014);
- > electricity sales to the ESO in the amount of €4 million (€9 million at December 31, 2014).

"Other receivables" amounted to €290 million (€222 million at December 31, 2014). 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, 2015	at Dec. 31, 2014	Change
Customers:			
Italy	230	195	35
EU	66	60	6
Non EU	117	103	14
Total	413	358	55

29. Income tax receivables - €81 million

“Income tax receivables” are mainly attributable to IRES receivables in respect of the ultimate parent Enel SpA within the consolidated taxation mechanism (€75 million, from a €3

million debtor position at December 31, 2014) and payments on account of the IRES surtax (€2 million, from €3 million at December 31, 2014).

30. Other current financial assets - €16 million

Millions of euro

	at Dec. 31, 2015	of which with related parties	at Dec. 31, 2014	of which with related parties	Change
Other short-term financial assets included in net financial debt	13		791		
Short-term financial receivables from subsidiaries	13	13	782	782	(769)
Short-term financial receivables from Enel SpA	-	-	9	9	(9)
Other short-term financial assets not included in net financial debt	3		2		
Other short-term financial receivables from subsidiaries	1	1	1	1	-
Accrued income	2	2	1	1	1
Total	16		793		(777)

The item mainly consists of receivables for short-term loans bearing market rates to the subsidiary PowerCrop Srl in the amount of €11 million (€10 million at December 31, 2014). The decrease of €777 million is mainly attributable to the extinguishment of loans to 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.

At December 31, 2014, “Short-term receivables from Enel SpA”, equal to €9 million, regarded the current account held with Enel SpA (a debtor position of €284 million at December 31, 2015).

The item also includes receivables for financial income on the derivative contract entered into for the subsidiary Energia Eolica Srl.

31. Other current assets - €158 million

Millions of euro

	at Dec. 31, 2015	of which with related parties	at Dec. 31, 2014	of which with related parties	Change
Green certificates	68	68	99	99	(31)
Deferred portion of costs incurred	24	-	16	-	8
Receivables for plant grants	3	-	3	-	-
Advances to suppliers	5	-	8	-	(3)
Other receivables	58	44	83	19	(25)
Total	158		209		(51)

“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 instalments 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 488/1992.

“Other receivables” mainly regard:

> receivables from settlement of Group VAT mechanism in

the amount of €37 million (a debtor position of €7 million at December 31, 2014);

> other receivables from subsidiaries in the amount of €7 million (€10 million at December 31, 2014).

The decrease of €51 million is mainly attributable to the collection of the receivables due from Sharp Corporation in respect of the residual share provided for in the agreement with Sharp of the off-take of the output of the 3Sun Srl factory (€35 million) and to receipt of the receivable due from the State-owned Salvadoran energy company Inversiones Energéticas SA de Cv (INE) as part of the disposal of the interest in LaGeo SA de Cv (€5 million) in 2014.

32. Cash and cash equivalents - €10 million

Cash and cash equivalents comprise liquidity associated with operations. They are not restricted by encumbrances.

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change
Bank deposits	10	19	(9)
Total	10	19	(9)

Liabilities

Shareholders' equity

33. Shareholders' equity - €6,818 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, 2015, 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).

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 - €(38) million

Millions of euro	at Dec. 31, 2014	Gains/(Losses) recognized in equity for the year	Released to income statement	Tax effect in equity	at Dec. 31, 2015
Gains/(Losses) from fair value measurement of cash flow hedges	(25)	(26)	11	2	(38)
Gains/(Losses) recognized directly in equity	(25)	(26)	11	2	(38)

As regards the hierarchy of inputs used in determining fair value, the reserve from measurement of CFH financial instruments is 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 - €1,095 million

"Retained earnings and loss carried forward" report retained earnings from previous years.

Net income for the year - €92 million

The following table reports the availability of shareholders' equity for distribution.

Millions of euro	Amount	Possible uses	Amount available
Share capital	1,000		
Capital reserves			
Other	4,476	A,B,C	4,476
Income reserves			
Legal reserve	200	B	
Reserve from measurement of CFH financial instruments	(38)		
Reserve from remeasurement of defined-benefit obligation	(8)		
Retained earnings/loss carried forward	1,095	A,B,C	1,095
Total	6,725		5,571
- of which amount available for distribution			5,571

A: for capital increases; B: for loss coverage; C: for distribution to shareholders.

33.1 Dividends

The dividend for 2014 amounted to €0.032 per share, for a total of €160 million. It was paid as from May 20, 2015, with an ex-dividend date for coupon no. 5 of May 18, 2015 and a record date of May 19, 2015.

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 2015.

To this end, the Group constantly monitors developments

in the level of its debt in relation to equity. The situation at December 31, 2015 and December 31, 2014 is summarized in the following table.

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change
Non-current financial position	1,880	1,956	(76)
Net current financial position	1,802	813	989
Non-current financial receivables	(154)	(27)	(127)
Net financial debt	3,528	2,742	786
Shareholders' equity	6,818	6,898	(80)
Debt/equity ratio	52%	40%	

For a discussion of net financial debt, please see note 41 "Net financial position and long-term financial receivables and securities".

Non-current liabilities

34. Borrowings - €1,880 million (long-term) and €1,825 million (short-term)

Millions of euro	Non-current		Current	
	at Dec. 31, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014
Long-term borrowings	1,880	1,956	76	55
Short-term borrowings	-	-	1,749	1,568
Total	1,880	1,956	1,825	1,623

For more details on the nature of borrowings, please see the note "Financial instruments".

35. Post-employment and other employee benefits - €32 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.

Following the termination of the collective regulation of rate subsidies for retired personnel, at December 31, 2015, the provision for electricity discounts (for retired personnel only) was extinguished and reversed in the amount of €5 million.

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;
- > "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	2015					2014				
	Pension benefits	Electricity discount	Health insurance	Other benefits	Total	Pension benefits	Electricity discount	Health insurance	Other benefits	Total
CHANGES IN DEFINED-BENEFIT OBLIGATION										
Actuarial obligation at January 1	25	5	3	6	39	29	5	3	7	44
Current service cost	-	-	1	-	1	1	-	-	-	1
Interest expense	1	-	-	-	1	1	-	-	-	1
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-	-	-	-	-	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	-	-	-	-	-	2	-	-	-	2
Experience adjustments	-	-	-	-	-	(2)	-	-	-	(2)
Past service cost	(2)	(5)	-	-	(7)	-	-	-	-	-
Payments in respect of settlements	(2)	-	-	-	(2)	(6)	-	-	-	(6)
Other changes	-	-	-	-	-	-	-	-	(1)	(1)
Actuarial obligation at December 31 (liability recognized)	22	-	4	6	32	25	5	3	6	39

The following table reports the impact of employee benefits on the income statement for the year ended December 31, 2015.

Millions of euro	2015	2014
(GAINS)/LOSSES CHARGED TO PROFIT OR LOSS		
Service cost	(6)	1
Net interest	1	1
Total	(5)	2

The main actuarial assumptions used to determine the present value of the defined benefit obligation are set out in the following table.

	2015	2014
Discount rate	0.50%-2.15%	0.50%- 2.15%
Rate of increase in remuneration	1.60%-3.60%	1.60%-3.60%
Rate of healthcare cost increases	2.60%	2.60%

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.

	Pension benefits	Electricity discount	Health insurance	Other benefits	Pension benefits	Electricity discount	Health insurance	Other benefits
	2015				2014			
A decrease of 0.5% in discount rate	24	-	4	3	27	5	4	3
An increase of 0.5% in discount rate	22	-	3	3	24	4	4	3
An increase of 0.5% in inflation rate	21	-	4	3	26	5	4	3
An increase of 0.5% in remuneration	21	-	-	3	26	-	-	3
An increase of 0.5% in pensions being paid	-	-	-	-	25	-	-	-
An increase of 1% in healthcare costs	-	-	5	-	-	-	5	-
An increase of 1 year in life expectancy of active and retired employees	-	-	3	-	25	5	4	-

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, 2015	at December 31, 2014
Less than 1 year	2	2
Between 1-2 years	2	2
Between 2-5 years	6	5
More than 5 years	7	13

36. Provisions for risks and charges (including the portion falling due within 12 months) - €145 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, 2015 and December 31, 2014, is shown in the following table, broken down into the current and non-current portions.

Millions of euro	at December 31, 2015		at December 31, 2014	
	Non-current	Current	Non-current	Current
Provision for litigation, risks and other charges:				
- litigation	11	-	16	-
- charges for generation plants	64	8	38	-
- post-employment benefits	-	2	-	-
Total	75	10	54	-
Provision for early retirement incentives	46	14	7	16
TOTAL	121	24	61	16

The following table shows changes in provisions for risks and charges.

Millions of euro	at Dec. 31, 2014	Accruals	Utilization	Reversals	Other changes	at Dec. 31, 2015	of which current portion
Provision for litigation, risks and other charges:							
- litigation	16	5	(5)	(5)	-	11	-
- charges for generation plants	38	46	(11)	-	(1)	72	8
- post-employment benefits	-	2	-	-	-	2	2
Total	54	53	(16)	(5)	(1)	85	10
Provision for early retirement incentives	23	49	(11)	(1)	-	60	14
TOTAL PROVISIONS FOR RISKS AND CHARGES	77	102	(27)	(6)	(1)	145	24

Litigation provision - €11 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 - €72 million

They regard the following provisions.

Provision for environmental charges and provision for decommissioning and site restoration - €12 million

The provisions report 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 - €22 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 - €38 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 - €60 million

The provision for early retirement incentives rose by €38 million reflecting €48 million accruals in respect of the mechanism envisaged under Article 4 of Law 92/2012 (the Fornero Act).

37. Other non-current liabilities - €45 million

The item is composed of €42 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 (€51 million at December 31, 2014). 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 the liability in respect of employees who terminated their employment in application of the agreement reached under Article 4 of the Fornero Act for amounts due for early-retirement incentives totaling €2 million (€4 million at December 31, 2014).

38. Trade payables - €256 million

Millions of euro

	at Dec. 31, 2015	of which with related parties	at Dec. 31, 2014	of which with related parties	Change
Trade payables					
- for invoices to be received	167	93	168	85	(1)
- for invoices received	89	39	79	37	10
Total	256		247		9

"Trade payables" include €124 million in payables due to third parties (€125 million at December 31, 2014) and €132 million in payables due to related parties (€122 million at December 31, 2014).

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:

- > €35 million in respect of the energy management and other services provided by Enel Produzione SpA (€35 million at December 31, 2014);

- > €34 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 (€21 million at December 31, 2014);
- > €17 million for management fees, service fees and other services provided by the ultimate Parent Enel SpA (€8 million at December 31, 2014);
- > €12 million in respect of the assignment of receivables by Enel Green Power SpA suppliers to Enel.Factor SpA (€19 million at December 31, 2014);
- > €2 million for electricity purchases from Enel Energia (€16 million at December 31, 2014).

Trade payables break down by geographical area as follows.

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change
Customers			
Italy	245	233	12
EU	10	14	(4)
Non-EU	1	-	1
Total	256	247	9

In view of the substantial regularity of payments of trade payables, an analysis of their maturity structure is not considered material.

39. Income tax payables - € - million

Note that at December 31, 2014, "Income tax payables" included the IRES payable due to the Parent Company, Enel SpA, as part of the consolidated taxation mechanism (€31

million). At December 31, 2015 the IRES position showed a creditor balance of €75 million, which is recognized under "Income tax receivables".

40. Other current financial liabilities - €29 million

Millions of euro

	at Dec. 31, 2015	of which with related parties	at Dec. 31, 2014	of which with related parties	Change
Current accrued financial expense	15	14	16	14	(1)
Other financial payables	14	14	14	14	-
Total	29		30		(1)

"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 expense accrued on the intercompany current account with Enel SpA in the amount of €8 million (€13 million at December 31, 2014) and interest expense on the loan with Enel Green Power International BV.

41. Net financial position and long-term financial receivables and securities - €3,528 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, 2015	at Dec. 31, 2014	Change
Long-term borrowings	1,880	1,956	(76)
Short-term borrowings	1,749	1,568	181
Current portion of long-term borrowings	76	55	21
Non-current financial assets included in debt	(154)	(27)	(127)
Current financial assets included in debt	(13)	(791)	778
Cash and cash equivalents	(10)	(19)	9
Total	3,528	2,742	786

Pursuant to the CONSOB instructions of July 28, 2006, the following reports the net financial position at December 31, 2015, and December 31, 2014, reconciled with net financial debt as provided for in the presentation methods of the Enel

Green Power Group indicated in the section "Definition of performance indicators" in the report on operations, which readers are invited to consult.

Millions of euro

	at Dec. 31, 2015		at Dec. 31, 2014	
		<i>of which with related parties</i>		<i>of which with related parties</i>
Liquidity	10		19	
Short-term financial receivables	13	13	791	791
Short-term portion of non-current financial debt	(76)		(55)	
Other short-term financial payables	(1,749)	(1,749)	(1,568)	(1,562)
Short-term financial debt	(1,825)		(1,623)	
Net current financial position	(1,802)		(813)	
Non-current bank debt	(680)		(756)	
Other non-current debt	(1,200)	(1,200)	(1,200)	(1,200)
Non-current financial debt	(1,880)		(1,956)	
Non-current financial position	(1,880)		(1,956)	
Net financial position as per CONSOB instructions	(3,682)		(2,769)	
Long-term financial receivables and securities	154	152	27	25
NET FINANCIAL DEBT	(3,528)		(2,742)	

“Net financial debt” amounted to €3,528 million (€2,742 million at December 31, 2014), up €786 million mainly due to:

> the increase in other short-term financial payables (€181 million) due to the increase in short-term lending to subsidiaries and associates (€395 million) and the change in the position on the current account with Enel SpA (a debtor position of €284 million at December 31, 2015 and a creditor position of €9 million at December 31, 2014),

partly offset by the expiry of the period of use of a long-term revolving credit facility with Enel Finance International NV (€500 million);

> a decrease in short-term financial receivables (€778 million);

> an increase in long-term financial receivables (€127 million) and an increase in long-term financial payables (€76 million).

42. Other current liabilities - €90 million

Millions of euro

	at Dec. 31, 2015	<i>of which with related parties</i>	at Dec. 31, 2014	<i>of which with related parties</i>	Change
Payables for urbanization fees	26	-	26	-	-
Payables due to employees	16	-	17	-	(1)
Payables due to social security institutions	11	-	11	-	-
Payables for license fees for public lands, water diversions and drainage basins	4	-	4	-	-
Other current liabilities	33	9	49	6	(16)
Total	90		107		(17)

“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 to be paid in January 2016, 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 employees (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 €28 million (€43 million at December 31, 2014) and liabilities due to Group companies in the amount of €6 million (€6 million at December 31, 2014).

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, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014
Loans and receivables	155	27	439	1,170
Financial assets at fair value through profit or loss	-	-	-	-
Derivative financial assets at FVTPL	2	2	6	-
Total financial assets at fair value through profit or loss	2	2	6	-
Derivative financial assets designated as hedging instruments	-	-	-	-
Cash flow hedge derivatives	-	-	-	11
Total derivative financial assets designated as hedging instruments	-	-	-	11
TOTAL	157	29	445	1,181

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, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014
Cash and cash equivalents	-	-	10	19
Trade receivables	-	-	413	358
Other current financial assets	-	-	16	793
Other non-current financial assets	155	27	-	-
Total	155	27	439	1,170

Trade receivables from customers amounted to €413 million at December 31, 2015 (€358 million at December 31, 2014). 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.

	Non-current						Current					
	Notional amount			Fair value			Notional amount			Fair value		
	at Dec. 31, 2015	at Dec. 31, 2014	Change	at Dec. 31, 2015	at Dec. 31, 2014	Change	at Dec. 31, 2015	at Dec. 31, 2014	Change	at Dec. 31, 2015	at Dec. 31, 2014	Change
Derivatives designated as hedging instruments												
Cash flow hedges:												
- on interest rate risk	-	-	-	-	-	-	-	-	-	-	-	-
- on commodity risk								273	(273)	-	11	(11)
Total	-	-	-	-	-	-	-	273	(273)	-	11	(11)
Derivatives at FVTPL:												
- on interest rate risk	22	24	(2)	2	2	-						
- on exchange risk	3	-	3	-	-	-	73	-	73	6	-	6
Total	25	24	1	2	2	-	73	-	73	6	-	6
TOTAL DERIVATIVE FINANCIAL ASSETS	25	24	1	2	2	-	73	273	(200)	6	11	(5)

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, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014
Financial liabilities measured at amortized cost	1,880	1,956	2,081	1,870
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities at FVTPL	2	2	1	5
Total financial liabilities at fair value through profit or loss	2	2	1	5
Derivative financial liabilities designated as hedging instruments				
Cash flow hedge derivatives	41	50	25	-
Total derivative financial liabilities designated as hedging instruments	41	50	25	-
TOTAL	1,923	2,008	2,107	1,875

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, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014
Long-term borrowings	1,880	1,956	-	-
Short-term portion of long-term borrowings	-	-	76	55
Short-term borrowings	-	-	1,749	1,568
Trade payables	-	-	256	247
Total	1,880	1,956	2,081	1,870

Borrowings

Long-term borrowings (including the current portion due within 12 months) - €1,956 million

The following table shows the nominal values, carrying amounts and fair values of long-term borrowings at December 31, 2015, 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	at Dec. 31, 2015		at Dec. 31, 2014		Current portion	Portion due in more than 12 months		Change
				Portion due in more than 12 months	Fair value	Nominal value	Carrying amount		Fair value	Fair value	
Bank borrowings:											
- fixed rate	303	303	16	287	360	306	306	3	303	360	(3)
- floating rate	453	453	60	393	524	505	505	52	453	524	(52)
Total	756	756	76	680	884	811	811	55	756	884	(55)
Non-bank borrowings:											
- fixed rate	1,200	1,200	-	1,200	1,612	1,200	1,200	-	1,200	1,612	-
Total	1,200	1,200	-	1,200	1,612	1,200	1,200	-	1,200	1,612	-
Total fixed-rate borrowings	1,503	1,503	16	1,487	1,972	1,506	1,506	3	1,503	1,972	(3)
Total floating-rate borrowings	453	453	60	393	524	505	505	52	453	524	(52)
TOTAL	1,956	1,956	76	1,880	2,496	2,011	2,011	55	1,956	2,496	(55)

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	at Dec. 31, 2015		at Dec. 31, 2014		at Dec. 31, 2015	
	Balance	Nominal value	Balance	Nominal value	Current average interest rate	Current effective interest rate
Euro	1,956	1,956	2,011	2,011	4.56%	4.56%
Total non-euro currencies	-	-	-	-	-	-
TOTAL	1,956	1,956	2,011	2,011		

Long-term borrowings, including the current portion, decreased by €55 million compared with 2014.

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 €24 million.

Short-term borrowings - €1,749 million

The following table shows short-term borrowings at December 31, 2015, broken down by nature.

Millions of euro	at Dec. 31, 2015		at Dec. 31, 2014		Change
	Balance	Nominal value	Balance	Nominal value	
Short-term borrowings	1,383	1,383	1,494	1,494	(111)
from subsidiaries and associates	1,383	1,383	989	989	394
from Enel Group companies	-	-	500	500	(500)
from third parties	-	-	5	5	(5)
Intercompany current account	366	366	74	74	292
in respect of Italian development companies	82	82	74	74	8
in respect of Enel SpA	284	284	-	-	284
Total	1,749	1,749	1,568	1,568	181

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 €181 million, mainly reflecting an increase in short-term lending to subsidiaries and associates (€394 million) and the change in the position

on the current account with Enel SpA (a debtor position of €284 million at December 31, 2015 and a creditor position of €9 million at December 31, 2014), partly offset by the expiry of the period of use of a long-term revolving credit facility with Enel Finance International NV (€500 million).

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 re-

lationship and hedged risk, broken down into current and non-current financial liabilities.

	Non-Current						Current					
	Notional amount			Fair value			Notional amount			Fair value		
	at Dec. 31, 2015	at Dec. 31, 2014	Change	at Dec. 31, 2015	at Dec. 31, 2014	Change	at Dec. 31, 2015	at Dec. 31, 2014	Change	at Dec. 31, 2015	at Dec. 31, 2014	Change
Derivatives designated as hedging instruments												
Cash flow hedge:												
- on interest rate risk	423	500	(77)	34	46	(12)	27	-	27	1	-	1
- on commodity risk	47	65	(18)	5	-	5	203	-	203	10	-	10
- on put option	5	13	(8)	2	4	(2)	15	-	15	14	-	14
Total	475	578	(103)	41	50	(9)	245	-	245	25	-	25
Derivatives at FVTPL:												
- on interest rate risk	22	24	(2)	2	2	-	-	-	-	-	-	-
- on exchange risk	-	-	-	-	-	-	5	535	(530)	1	5	-
Total	22	24	(2)	2	2	-	5	535	(530)	1	5	-
TOTAL DERIVATIVE FINANCIAL LIABILITIES	497	602	(105)	43	52	(9)	250	535	285	26	5	25

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 interests in PH Chucas SA, Parque Eólico Talinay Oriente SA and Maicor Wind Srl,

which are classified as Level 3 (at December 31, 2014 the option regarded Renovables de Guatemala SA).

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, 2015 and December 31, 2014, broken down by type of contract.

Millions of euro	Notional amount	
	at Dec. 31, 2015	at Dec. 31, 2014
Floating-to-fixed interest rate swaps	494	548
Total	494	548

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, 2015, an analysis of medium- and long-term financial debt found that 23% was floating rate (25% at December 31, 2014) and was 100% hedged by derivatives in cash flow hedges.

Fluctuations in interest rates on floating-rate medium- and long-term debt therefore have no impact on profit or loss in terms of greater borrowing costs.

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.

This result is in line with the limits established in the risk

Millions of euro	at Dec. 31, 2015			at Dec. 31, 2014	
	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	-	8	-	9
	-25bp	-	(8)	-	(9)

There were no changes compared with the previous period in the methods and assumptions used in the sensitivity analysis.

Exchange risk

For more information on "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, 2015 and December 31, 2014, broken down by type of hedge instrument.

Millions of euro	Notional amount	
	at Dec. 31, 2015	at Dec. 31, 2014
Currency forwards	81	535
Total	81	535

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 existence of the exposure to exchange risk is entirely connected with trade receivables and payable. Accordingly, in order to mitigate the impact on profit or loss of the associated cash flows, the Company has entered into currency forward contracts with Enel SpA.

The considerable decline in notional amount between 2015 and 2014 is mainly attributable to the collection of the short-term financial receivable denominated in US dollars that Enel Green Power SpA held in respect of its North American subsidiaries, which the Company had hedged.

This result is in line with the limits established in the risk management policy.

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	at Dec. 31, 2015			at Dec. 31, 2014	
	Increase/Decrease in exchange rates	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 classified as non-hedging instruments	10%	6	-	49	-
	(10%)	(7)	-	(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, 2015 and December 31, 2014, broken down by type of instrument.

Millions of euro	Notional amount	
	at Dec. 31, 2015	at Dec. 31, 2014
CFD	250	339
Total	250	339

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	Increase/Decrease in commodity prices	at Dec. 31, 2015		at Dec. 31, 2014	
		Pre-tax impact on income	Pre-tax impact on equity	Pre-tax impact on income	Pre-tax impact on equity
	10%		(34)		(11)
CFD	(10%)		4		32

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, 2015 and December 31, 2014 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 79% of total receivables (89% at December 31, 2014).

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, 2015	of which government entities
Impaired trade receivables	-	-
Trade receivables not past due and unimpaired ⁽¹⁾	27	3
Trade receivables past due but unimpaired	58	2
- less than 3 months	2	1
- from 3 to 6 months	35	-
- from 6 to 12 months	19	1
- from 12 to 24 months	1	-
- more than 24 months	1	-
Total	85	5

(1) Includes invoices to be issued in the amount of €16 million.

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 ma-

turity 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, 2015.

Millions of euro

	at Dec. 31, 2015		at Dec. 31, 2014	
	Expiring within one year	Expiring beyond one year	Expiring within one year	Expiring beyond one year
Committed credit lines	1,051	-	1,211	500
Total	1,051	-	1,211	500

The main development in 2015 regards the reduction, requested by Enel Green Power SpA, of the credit line on the intercompany current account held with Enel SpA to €800 million and the expiry of the period of use of a long-term credit facility with Enel Finance International NV in the amount of €500 million.

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
Bank borrowings:					
- fixed rate	-	17	17	51	218
- floating rate	4	55	50	112	232
Total	4	72	67	163	450
Non-bank borrowings:					
- fixed rate	-	-	-	-	1,200
- floating rate	-	1,749	-	-	-
Total	-	1,749	-	-	1,200
TOTAL	4	1,820	67	163	1,650

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 Com-

pany'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. It does not use fair value hedges or hedges of a net investment in a foreign operation.

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, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014
Derivatives								
Cash flow hedges:								
- on interest rate risk	-	-	-	-	451	500	(35)	(45)
- on commodity risk	-	339	-	10	250	-	(15)	-
Total	-	339	-	10	701	500	(50)	(45)

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, 2015, the Company had cash flow hedge positions where the main hedge instruments were interest rate swaps designed to hedge the future cash flows associated with floating-rate 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, 2015, the notional amount of derivatives classified

as cash flow hedges amounted to €701 million, with a corresponding negative fair value of €50 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, 2015 and December 31, 2014, 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, 2015		at Dec. 31, 2014	
Interest rate swaps	Floating-rate bank borrowings	(35)	451	(45)	500
Total		(35)	451	(45)	500

The notional amount of cash flow hedge derivatives is €451 million. The change with respect to the notional at December 31, 2014 is attributable to a natural decline in the amortization of outstanding interest rate swaps. At December 31, 2015, the negative fair value of €35 million showed an improvement of €10 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, 2015 and December 31, 2014, broken down by type of hedge.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014
Derivatives								
Cash flow hedges:								
- interest rate swap	-	-	-	-	451	500	(35)	(45)
Total interest rate derivatives	-	-	-	-	451	500	(35)	(45)

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, 2015	2016	2017	2018	2019	2020	Beyond
CFH on interest rates	(35)	(10)	(8)	(6)	(5)	(3)	(5)
Positive fair value	-	-	-	-	-	-	-
Negative fair value	(35)	(10)	(8)	(6)	(5)	(3)	(5)

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	2015	2014
Opening balance at January 1	(45)	(6)
Change in fair value recognized in equity (OCI)	-	(50)
Change in fair value recognized through profit or loss	10	11
Closing balance at December 31	(35)	(45)

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, 2015 and December 31, 2014, broken down by type of hedging relationship.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014
Derivatives								
Cash flow hedges:								
Derivatives on power:								
- CFD	-	340	-	10	250	-	(15)	-
Total derivatives on power	-	340	-	10	250	-	(15)	-
TOTAL COMMODITY RISK DERIVATIVES	-	340	-	10	250	-	(15)	-

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, 2015	Distribution of expected cash flows					
		2016	2017	2018	2019	2020	Beyond
CFH on commodity risk	(15)	(10)	(5)	-	-	-	-
Positive fair value	20	16	3	-	-	-	-
Negative fair value	(35)	(26)	(8)	-	-	-	-

The following table shows the pre-tax impact of cash flow hedge derivatives on commodity risk on equity during the period.

Millions of euro	2015	2014
Opening balance at January 1	10	(2)
Change in fair value recognized in equity (OCI)	(25)	12
Closing balance at December 31	(15)	10

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, 2015 and December 31, 2014 for each type of risk.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014	at Dec. 31, 2015	at Dec. 31, 2014
Derivatives at FVTPL								
On interest rate risk:								
- interest rate swaps	22	24	2	2	22	24	(2)	(2)
On exchange risk:								
- currency forwards	75	-	6	-	5	535	(1)	(5)
Total	97	24	8	2	27	559	(3)	(7)

46. Related parties

For more information on related parties, please see note 48 to the consolidated financial statements.

For disclosures on the remuneration of key management personnel, please see the Remuneration Report, published on the Company's website (www.enelgreenpower.com, in the "Governance" section).

All transactions with related parties have been 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.

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;

- > 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.

Commercial and other transactions in 2015

Millions of euro	Receivables Payables		Costs		Revenue	
			Goods	Services	Goods	Services
			at Dec. 31, 2015		2015	
Parent Company						
Enel SpA	113	17	-	16	-	0
Total	113	17	-	16	-	0
Subsidiaries and associates						
3Sun Srl	-	10	77	1	-	-
Altomonte FV Srl	1	1	-	-	-	-
Dominica Energía Limpia S de RL de Cv	2	-	-	-	-	2
Empresa Eléctrica Panguipulli SA	12	-	-	-	-	2
Enel Brasil Participações Ltda	15	-	-	-	-	3
Enel Green Power Bioenergy Srl	2	-	-	-	-	-
Enel Green Power Cabeça de Boi SA	2	-	-	-	-	1
Enel Green Power Calabria Srl	4	-	-	-	-	2
Enel Green Power Chile Ltda	4	-	-	-	-	1
Enel Green Power Cristal Eólica SA	2	-	-	-	-	-
Enel Green Power Damascena Eólica SA	2	-	-	-	-	1
Enel Green Power Dois Riachos Eólica SA	1	-	-	-	-	1
Enel Green Power Emiliana Eólica SA	2	-	-	-	-	-
Enel Green Power España SA	24	3	-	7	-	10
Enel Green Power Esperança Eólica SA	2	-	-	-	-	1
Enel Green Power Fazenda SA	3	-	-	-	-	1
Enel Green Power Finale Emilia Srl	13	-	-	-	-	18
Enel Green Power Guatemala SA	3	-	-	-	-	-
Enel Green Power Hellas SA	18	2	-	1	-	2
Enel Green Power Maniçoba Eólica SA	1	-	-	-	-	1
Enel Green Power International BV	6	-	-	-	-	-
Enel Green Power Joana Eólica SA	2	-	-	-	-	-
Enel Green Power Latin America Ltda	3	-	-	-	-	-
Enel Green Power México S de RL de CV	2	-	-	-	-	-
Enel Green Power Modelo I Eólica SA	2	-	-	-	-	-
Enel Green Power Modelo II Eólica SA	1	-	-	-	-	-
Enel Green Power North America Inc.	13	1	-	-	-	12
Enel Green Power Panama SA	7	3	-	-	-	5
Enel Green Power Partecipazioni Speciali Srl	1	-	-	-	-	-
Enel Green Power Pau Ferro Eólica SA	2	-	-	-	-	-
Enel Green Power Pedra do Gerônimo Eólica SA	2	-	-	-	-	-
Enel Green Power Primavera Eólica SA	2	-	-	-	-	-
Enel Green Power Puglia Srl	1	2	-	-	-	-
Enel Green Power Romania Srl	17	1	-	1	-	4
Enel Green Power RSA (Pty) Ltd	4	-	-	-	-	1
Enel Green Power Salto Apiacás SA	2	-	-	-	-	1
Enel Green Power São Judas Eólica SA	2	-	-	-	-	-
Enel Green Power South Africa BV	1	-	-	-	-	-

Millions of euro	Receivables	Payables	Costs		Revenue		
			Goods	Services	Goods	Services	
			at Dec. 31, 2015		2015		2015
Subsidiaries and associates							
Enel Green Power Solar Energy Srl	2	-	-	-	-	1	
Enel Green Power Tacaicó Eólica SA	2	-	-	-	-	-	
Enel Green Power Uruguay SA	1	-	-	-	-	-	
Energia Eolica Srl	1	-	-	-	-	-	
Enel Green Power Partecipazioni Speciali Srl	1	-	-	-	-	-	
Energias Renovables La Mata SAPI de Cv	1	-	-	-	-	1	
Enerlive Srl	1	1	-	-	-	-	
Finerge-Gestão de Projectos Energéticos SA	-	-	-	-	-	2	
Generadora de Occidente Ltda	-	-	-	-	-	1	
Geotérmica del Norte SA	-	-	-	-	1	-	
Goodwell Wind Project LLC	6	-	-	-	-	6	
Kalenta Ltd	1	-	-	-	-	-	
Little ELK Wind Project LLC	2	-	-	-	-	2	
PH Chucas SA	3	-	-	-	-	4	
Energia Limpia de Palo Alto S de RL de Cv	1	-	-	-	-	1	
Parcque Eólico Renaico SpA	-	-	-	-	-	14	
Parque Eólico Taltal SA	(1)	-	-	-	-	-	
Parque Eólico Valle de los Vientos SA	-	-	-	-	-	1	
PowerCrop Srl	1	-	-	-	-	-	
PowerCrop Macchiareddu Srl	2	-	-	-	-	2	
PowerCrop Russi Srl	2	-	-	-	-	1	
Renovables de Guatemala SA	1	-	-	-	-	1	
Taranto Solar Srl	1	-	-	-	-	-	
Vientos de Altiplano S de RL de Cv	2	-	-	-	-	2	
Total	213	24	77	10	1	108	
Enel Group companies							
Enel Distribuzione SpA	1	-	-	-	-	-	
Enel Energia SpA	-	2	-	-	-	-	
Enel Energy Europe SL	-	2	-	1	-	-	
Enel.Factor SpA	-	12	-	-	-	-	
Enel Ingegneria e Innovazione SpA	-	-	-	(1)	-	-	
Enel Italia Srl	-	34	-	41	-	-	
Enel Produzione SpA	91	35	2	8	-	-	
Enel Trade SpA	28	10	-	-	133	-	
Total	120	96	2	49	133	-	
TOTAL	446	137	79	75	134	108	

Commercial and other transactions in 2014

Millions of euro	Receivables	Payables	Costs		Revenue	
			Goods	Services	Goods	Services
			at Dec. 31, 2014		2014	
Parent Company						
Enel SpA	7	40	-	21	-	-
Total	7	40	-	21	-	-
Subsidiaries and associates						
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 Ltda	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 Eolica SA	1	-	-	-	-	-
Enel Green Power Modelo II Eolica 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 Gerônimo 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 Tacaicó 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
Energías Renovables La Mata SAPI de Cv	5	-	-	-	-	4

Millions of euro	Receivables	Payables	Costs		Revenue	
			Goods	Services	Goods	Services
			at Dec. 31, 2014		2014	
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
Total	198	13	51	10	5	100
Enel Group companies						
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 Innovazione 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	-
Total	130	101	11	39	191	-
TOTAL	335	154	62	70	196	100

Financial transactions in 2015

Millions of euro	Receivables	Payables	Expense	Income
	at Dec. 31, 2015			2015
Parent Company				
Enel SpA	9	331	111	36
Total	9	331	111	36
Subsidiaries and associates				
Altomonte FV Srl	141	2	-	1
3Sun Srl	-	273	1	-
Enel Brasil Participações Ltda	-	-	-	2
Enel Green Power Bioenergy Srl	-	4	-	-
Enel Green Power Calabria Srl	-	7	-	3
Enel Green Power CAI Agroenergy Srl	1	-	-	-
Enel Green Power Chile Ltda	-	-	-	4
Enel Green Power Finale Emilia Srl	11	-	-	-
Enel Green Power Hellas SA	-	-	-	1
Enel Green Power International BV	-	2,380	86	20
Enel Green Power México S de RL de Cv	-	-	-	2
Enel Green Power North America Development	-	-	-	8
Enel Green Power North America Inc.	-	-	-	67
Enel Green Power Puglia Srl	-	1	-	-
Enel Green Power RSA (Pty) Ltd	-	-	-	3
Enel Green Power Solar Energy Srl	-	13	-	-
Enel Green Power Strambino Solar Srl	1	-	-	-
Enel Green Power Uruguay SA	-	-	-	1
Energia Eolica Srl	3	2	-	1
Enerlive Srl	-	2	-	-
Maicor Wind Srl	-	-	-	4
PowerCrop Srl	12	-	-	-
Total	28	2,682	87	117
Enel Group companies				
Enel Trade SpA	-	15	24	8
Enel Finance International BV	-	2	5	-
Total	-	17	29	8
TOTAL	37	3,030	227	161

Financial transactions in 2014

Millions of euro	Receivables	Payables	Expense	Income
	at Dec. 31, 2014		2014	
Parent Company				
Enel SpA	12	67	31	-
Total	12	67	31	-
Subsidiaries and associates				
3Sun Srl	13	-	-	1
Enel Brasil Participações Ltda	-	-	-	1
Enel Green Power Calabria Srl	-	4	-	3
Enel Green Power Chile Ltda	-	-	-	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	-	-	-
Total	810	2,275	90	56
Enel Group companies				
Enel Trade SpA	11	-	2	76
Enel Finance International NV	-	501	4	-
Total	11	501	6	76
TOTAL	833	2,843	127	132

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 the Enel SpA Group).

Transactions with companies held or controlled by the government primarily include:

- > Gestore dei Mercati Energetici SpA;
- > Gestore dei Servizi Energetici SpA;
- > Terna SpA.

Millions of euro	Receivables	Payables	Costs		Revenue		
			Goods	Services	Goods	Services	
at Dec. 31, 2015			2015		2015		
Related parties outside the Enel Group							
GME SpA	-	-	24	3	555	2	
GSE SpA	72	1	-	2	1	310	
Terna SpA	-	-	13	-	16	-	
Total	72	1	37	5	572	312	

Millions of euro	Receivables	Payables	Costs		Revenue		
			Goods	Services	Goods	Services	
at Dec. 31, 2014			2014		2014		
Related parties outside the Enel Group							
GME SpA	-	-	4	11	522	3	
GSE SpA	108	1	1	2	26	360	
Terna SpA	-	-	21	(1)	2	-	
Total	108	1	26	12	550	363	

47. Contractual commitments and guarantees

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change
Sureties and other guarantees granted to:	5,355	3,215	2,140
- non-Group counterparties	81	53	28
- subsidiaries	5,274	3,162	2,112
- associates	-	-	-
Commitments:	769	636	133
- supplies and services	769	636	133
Total	6,124	3,851	2,273

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.

48. Contingent liabilities and assets

For more on contingent liabilities and assets, please see the notes to the consolidated financial statements, where they regard Enel Green Power SpA.

49. Subsequent events

For more on subsequent events, please see the notes to the consolidated financial statements, where they regard Enel Green Power SpA.

Fees of audit firm pursuant to Article 149-*duodecies* of the CONSOB “Issuers Regulation”

Fees due for 2015 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)
Enel Green Power SpA		
Auditing	Reconta Ernst & Young SpA	0.6
Certification services	Reconta Ernst & Young SpA	0.3
Total		0.9
Subsidiaries of Enel Green Power SpA		
Auditing	Reconta Ernst & Young SpA	0.2
	Entities of EY network	3.1
Certification services	Reconta Ernst & Young SpA	-
	Entities of EY network	0.6
Total		3.9
TOTAL		4.8

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, 2014

ASSETS	
Non-current assets	
Property, plant and equipment and intangible assets	19
Equity investments	38,754
Non-current financial assets	2,125
Other non-current assets	850
Total	41,748
Current assets	
Trade receivables	132
Current financial assets	5,320
Other current assets	869
Cash and cash equivalents	6,972
Total	13,293
TOTAL ASSETS	55,041
LIABILITIES AND SHAREHOLDERS' EQUITY	
SHAREHOLDERS' EQUITY	
25,136	
Non-current liabilities	
Long-term borrowings	17,288
Deferred tax liabilities and provisions for risks and charges	570
Non-current financial liabilities	2,484
Other non-current liabilities	287
Total	20,629
Current liabilities	
Short-term borrowings and current portion of long-term borrowings	7,109
Trade payables	139
Current financial liabilities	1,053
Other current liabilities	975
Total	9,276
TOTAL LIABILITIES	29,905
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	55,041

Income Statement

Millions of euro

2014

Revenue	246
Costs	869
Income from equity investments	1,818
Net financial income/(expense)	(919)
Income taxes	(282)
NET INCOME FOR THE YEAR	558



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, 2015, 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 adoption of the administrative and accounting procedures for the preparation of the financial statements of Enel Green Power SpA in the period between January 1, 2015 and December 31, 2015.

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. 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 did not identify any material issues.

3. In addition, we certify that the financial statements of Enel Green Power SpA at December 31, 2015:
 - 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 accompanying the financial statements of Enel Green Power SpA at December 31, 2015 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 21, 2016

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 2015

Dear Shareholders,

it is recalled that on March 25, 2016 the deed of the non-proportional partial demerger of Enel Green Power SpA (hereinafter also "Enel Green Power" or "Company") in favour of Enel SpA (hereinafter also "Enel") was signed. As set out in the said deed, the demerger came into effect at the end of day on March 31, 2016 (hereinafter also "Effective Date").

As a result of this, on the Effective Date:

- > all the Company shares held by shareholders other than Enel were exchanged for Enel shares, while the latter exchanged only part of the shares held in Enel Green Power. At the same time, these shares were then cancelled in accordance with the provisions of Article 2504-ter, paragraph 2, of the Italian Civil Code, and not allocated. As a result, on the Effective Date (i) all the Enel Green Power shares exchanged for Enel shares were cancelled, resulting in a reduction of the share capital of Enel Green Power, and (ii) Enel became the only shareholder of Enel Green Power, while all other shareholders of the latter became shareholders of Enel;
- > the Company's shares ceased to be traded on the Mercato Telematico Azionario (Italian electronic stock market, hereinafter "MTA"), organized and managed by Borsa Italiana SpA (Italian Stock Exchange), and on the Spanish electronic continuous trading system (*Sistema de Interconexión Bursátil*, SIBE);
- > all of the transactions relating to the assets allocated to Enel as a result of the demerger were charged to Enel Green Power's financial statements, with effect for accounting and tax purposes as of the Effective Date;
- > Enel Green Power has adopted new Bylaws that reflect the changes resulting from the Demerger – which concern, *inter alia*, the reduction of capital and the number of shares, and also the amendment of clauses no longer in effect following the delisting (particularly those relating to delisting contained in the new Article 8 regarding the domicile of shareholders, as well as those contained in the subsequent renumbered Articles 9, 10, 11, 12 and 13 regarding the Shareholders' Meeting, 14, 15, 16, 20 and 23 regarding the Board of Directors, 25 on the Board of Auditors, 26 regarding interim dividend payments and 30 on the general provisions).

Notwithstanding the above, it should be noted that during the year that ended on December 31, 2015 we performed the supervisory activities required by law for the Company Enel Green Power SpA. In particular, in accordance with the provisions of Article 149, paragraph 1, of Italian Legislative Decree 58 of 24 February 1998 (hereinafter the "Consolidated Finance Act") and of Article 19, paragraph 1, of Italian Legislative Decree 39 of 27 January 2010 (hereinafter "Decree 39/10") we monitored:

- (i) compliance with the law and the Bylaws, as well as with the principles of proper management in the performance of corporate activities;
- (ii) the adequacy of the Company's organizational structure, to the extent our expertise allows;
- (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 administrative and accounting system, as well as the reliability of the latter in correctly representing the Company's affairs;
- (v) the statutory audit of the annual accounts and consolidated accounts, as well as the independence of the statutory auditing firm;
- (vi) the procedures for effective implementation of the corporate governance rules provided by the Self-Regulatory Code for

listed companies (hereinafter referred to as "Self-Regulatory Code"), to which the Company adhered as a listed company during the year 2015;

(vi) the adequacy of the instructions given by the Company to its subsidiaries to enable Enel Green Power SpA to properly comply with the market disclosure requirements provided for by law.

In performing the checks and inspections in the areas of activity highlighted above, we did not find any particular issues.

Furthermore, in compliance with the guidelines provided in CONSOB notification DEM/1025564 of April 6, 2001, as amended, we report the following.

- > We have monitored compliance with the law and with the Company's Bylaws and have no remarks to make in this respect.
- > We have monitored compliance with the rules on transactions with related parties in relation to the non-proportional partial demerger of Enel Green Power in favour of Enel (the "Transaction"). This Transaction has been set up by Enel Green Power as a particularly significant related party transaction, in accordance with the regulations adopted by CONSOB with resolution no. 17221 of March 12, 2010 and subsequently amended by resolution no. 17389 of June 23, 2010 (the "RPT Regulation"), and with the procedure for regulating Transactions with Related Parties approved by the Board of Directors of Enel Green Power on December 1, 2010, as recently amended on February 3, 2014 ("RPT Procedure"). The Board of Auditors has verified compliance with the above provisions also through attendance at the meetings of:
 - the Related Parties Committee on October 5, 2015, October 14, 2015, October 20, 2015, November 2, 2015, November 9, 2015, November 11, 2015 and November 16, 2015 (during the latter meeting, the Committee gave its reasoned positive opinion on the Transaction).
 - the Company's Board of Directors on October 5, 2015, October 22, 2015, November 12, 2015, and November 17, 2015 (during the latter meeting, the Board approved the Transaction).
- > Finally, in view of the fact that the Related Parties Committee has consulted with two independent financial advisors in order to review the financial, economic and industrial aspects of the Transaction and an independent legal advisor in order to review the legal aspects of the Transaction, the Board of Auditors has obtained the statements issued by the aforementioned advisors attesting to their independence, already verified by the Related Parties Committee, and having examined the contents of the same, has no remarks to make in this respect.
- > We received from the CEO on a quarterly basis and also through our participation in the meetings of Enel Green Power SpA's Board of Directors, adequate information on its activities, the general performance of the business and its prospects, and on the most significant economic, financial and capital operations carried out by the Company and its subsidiaries. We can thus confirm that the actions taken are in compliance with the Law and the Bylaws, and are not manifestly imprudent, in potential conflict of interest or in contrast with the resolutions passed by the Shareholders' Meeting, or such as to compromise the integrity of the corporate assets. Please refer the Directors Report on Operations for the year ended December 31, 2015 (section "Significant events of 2015") for a description of the most important economic, financial and equity operations examined.
- > We have not found any atypical or unusual transactions conducted with third parties, with Enel Green Power Group companies or with related parties.
- > We noted that the annual report, which includes, among other things, the financial statements of the Company and the consolidated financial statements of the Enel Green Power Group, contains a single Directors' report on operations, which relates to both the financial statements and the consolidated financial statements.
- > We found that in the "Related Parties" section in the Directors' Report for the year ended December 31, 2015, the Directors have properly indicated the main transactions with related parties – identified on the basis of international accounting standards and the relative provisions issued by CONSOB – carried out by the Company. For further information on the type of transactions and the relative impact on profit and financial position, the reader is referred to the aforementioned chapter. The procedures adopted to ensure that transactions with related parties are carried out in compliance with the criteria of transparency and procedural and substantive fairness are also outlined in said chapter. It is recognized that the transactions mentioned therein have been carried out in compliance with the procedures for approval and execution set out in the Procedure Governing Transactions with Related Parties (hereinafter, for brevity, referred to as the "Procedure"). This Procedure – adopted by the Company's Board of Directors on December 1, 2010 and most recently amended by the

Board on February 3, 2015 – was drafted in compliance with the provisions of Article 2391-*bis* the Italian Civil Code and the implementing regulations issued by CONSOB, and identifies a number of rules designed to ensure the transparency and correctness, both substantial and procedural, of the transactions with related parties carried out by Enel Green Power SpA directly or through subsidiaries. The above Procedure is described in the Report on Corporate Governance and Ownership Structure for the year 2015. All transactions with related parties carried out during the reference period and reported in the notes to the financial statements for 2015 are attributable to ordinary management and were carried out in the interest of the Company and settled at market conditions.

- > The Company declares to have prepared its financial statements in 2015 - as in the previous year - in accordance with international accounting rules (the “International Accounting Standards” - IAS and the “International Financial Reporting Standards” - IFRS) as issued by the ‘International Accounting Standards Board’ (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), as recognized by the European Union pursuant to EC Regulation no. 1606/2002 and in force at the end of 2015, and the interpretations issued and in force on the same date (the set of these standards and interpretations will be hereinafter referred to as “IFRS”). The Company also stated that the 2015 Financial Statements have been prepared and drawn up in implementation of paragraph 3 of Article 9 of Italian Legislative Decree 38 of February 28, 2005 and of the relative implementing measures, as well as with a view to continuing as a going concern, applying the historical cost method, except to those items which under IFRS-EU are recognized at fair value. The notes to the financial statements for 2015 outline the accounting standards and the valuation criteria adopted. Enel Green Power SpA’s financial statements for 2015 were submitted to be audited by the auditing firm Reconta Ernst & Young SpA, which, pursuant to Articles 14 and 16 of Decree 39/10, issued the relative report without any qualification or reservation, including with regard to the consistency of the Report on Operations with the Financial Statements. The Company also declared that it has prepared the Consolidated Financial Statements for the year ended December 31, 2015 (hereinafter referred to as the “2015 Consolidated Financial Statements”) for the Enel Green Power Group – as in the previous year – in accordance with IFRS-EU standards and pursuant to the provisions of Italian Legislative Decree 38 of February 28, 2005 and the relative Implementing measures. The 2015 consolidated financial statements for the Enel Green Power Group were prepared based on the going concern assumption, using the historical cost method, with the exception of those items which under IFRS-EU are recognised at fair value. The notes also outline the accounting standards and the valuation criteria adopted, including the recently issued accounting standards, distinguishing between those applicable in 2015 and those of future application. Enel Green Power’s 2015 consolidated financial statements were submitted to be audited by the auditing firm Reconta Ernst & Young SpA, which, pursuant to Articles 14 and 16 of Decree 39/10, issued the relative report without any qualification or reservation, including with regard to the consistency of the report on operations with the 2015 consolidated financial statements. Reconta Ernst & Young SpA, by virtue of the powers granted to it, also audited the 2015 financial statements of Enel Green Power Group’s main Italian subsidiaries subject to audit and the relative reports issued do not indicate any irregularities. The audit activities carried out by Reconta Ernst & Young SpA’s foreign counterparts on the reporting packages of the Enel Green Power Group’s main foreign subsidiaries, selected on the basis of the work plan prepared by the Company and used in preparing the Group’s 2015 consolidated financial statements, did not indicate any findings significant enough to be reflected in the opinion on the same financial statements. The supervisory bodies of the main Italian companies of the Enel Green Power Group have stated, each to the extent of their responsibility, that they have carried out their supervisory activities in accordance with the applicable regulations and they have not reported any irregularities.
- > We would like to point out that, in accordance with Article 2428, paragraphs 1 and 2, of the Italian Civil Code, the Reports on Operations both for Enel Green Power Group’s individual and consolidated financial statements for 2015 include a description of the principal risks and uncertainties to which the Company and the Enel Green Power Group are exposed, together with information relating to environmental and personnel matters. The risks and uncertainties in question were examined by the Board of Auditors in the course of regular meetings with the representatives and managers of the Administration, Finance and Control Functions, as well as with any other units involved.
- > We would like to point out that prior to the Effective Date of the Demerger, the compliance of the impairment test procedure with the requirements of IAS 36 was the subject of express approval by the Company’s Board of Directors, following the favorable opinion given in this regard by the Control and Risk Committee in its meeting of February 29, 2016, i.e. prior to the date on which the 2015 Financial Statements were approved, and taking into account the recommendations issued

by the European Securities and Markets Authority (“ESMA”) on January 21, 2013, which are aimed at ensuring greater transparency of the methods used by listed companies under the goodwill impairment test procedures. These recommendations were subsequently confirmed by the ESMA, most recently in its Public Statement of October 27, 2015, and reaffirmed by CONSOB Notification no. 7780 of January 28, 2016, as part of the initiative to identify the most pressing issues in the current market environment with regard to the transparency of the information disclosed by issuers in the financial reports in relation to the 2015 financial year (in line with the recommendations of the jointly issued document: Bank of Italy - CONSOB - ISVAP no. 4 of March 3, 2010).

- > We acknowledge that, prior to the Demerger and following appropriate checks carried out by the Control and Risk Committee, the Company’s Board of Directors has, at the date of approval of the draft 2015 financial statements, attested to ongoing compliance of the Enel Green Power Group with the regulations established by CONSOB in relation to accounting transparency, the adequacy of the organizational structure and the internal control system with which the subsidiaries, established and regulated under the laws of countries not belonging to the European Union, must comply in order for the shares of Enel Green Power SpA to remain listed on regulated Italian markets (pursuant to Article 36 of the “Market Regulations”, approved by CONSOB resolution no. 16191 of October 29, 2007).
- > We acknowledge that, prior to the Demerger and following appropriate checks carried out by the Control and Risk Committee, the Board of Directors also attested that the Company meets the conditions required for the listing of shares of subsidiaries subject to management and coordination by another listed company, referred to in Article 37, paragraph 1, of the Market Regulations. Moreover, under Article 37, paragraph 1, letter c) of the Market Regulations, the Board of Auditors verified the BoD declaration concerning the existence of a company interest with regard to the centralised treasury in place between the Company and the Parent Company Enel SpA.
- > We monitored, to the extent of our responsibility, the adequacy of the Company’s organizational structure (and, more generally, the Enel Green Power Group as a whole) by obtaining information from the managers of the relevant company divisions and departments and through meetings held with the supervisory bodies of the main Italian companies of the Enel Green Power Group in order to exchange relevant data and information.
- > We noted that in 2015, Enel Green Power SpA continued to pursue an organizational strategy referred to as “Transnational Organization” aimed at identifying organizational changes to support the business in achieving greater organizational flexibility, consistent with the multinational nature of the Group.

In addition, during 2015 the Company carried out a new review of the organizational structure in order to support the business in the development and in the comprehensive and sustainable management of activities relating to power generation from renewable sources in 18 countries using five different technologies.

The continuous evolution and the exceptional flexibility of Enel Green Power Group’s organizational structure also made it possible in 2015 to optimise the effectiveness of various company functions, to balance synergies and strengthen coordination among the various levels of management.

The organizational structure put in place by Enel Green Power Group in 2015 was as follows:

(1) Business areas:

- Europe and North Africa, which includes the countries of Eastern Europe, Spain, Italy, Egypt and Morocco
- Sub-Saharan Africa and Asia, which includes the countries of Sub-Saharan Africa and South Africa, the Asia Pacific countries and India
- Latin America, which includes the countries of Central and South America which have experienced strong growth in recent years (Brazil, Uruguay, Chile and the Andean countries, Mexico and Central America)
- North America which includes the USA and Canada.

Line Functions:

- Business Development;
- Engineering & Construction;
- Operations & Maintenance;

respectively engaged in the development, construction, commissioning, and maintenance of facilities;

Staff Services Functions;

- Administration, Finance and Control;
- Communications;

- Procurement;
- Health, Safety, Environment and Quality;
- Human Resources and Organization;
- Legal and Corporate Affairs;
- Audit;
- Information & Communications Technology;
- Innovation and Sustainability.

This structure is designed to ensure the management of the central processes of governance and business support services.

In view of the above, we believe that the organizational system described above is able to support the strategic development of the Company and the Enel Green Power Group and that it is consistent with control requirements.

- > In accordance with Article 19, paragraph 1, letter d) of Decree 39/10, we monitored the independence of the auditing company Reconta Ernst & Young SpA, focusing in particular on the nature and extent of the services other than that of the statutory audit provided to the Enel Green Power Group by Reconta Ernst & Young SpA and the entities belonging to the relative network, the fees for which are indicated in the notes to the 2015 financial statements. Following audits carried out, the Board of Auditors holds that there are no critical issues concerning the independence of the auditing firm Reconta Ernst & Young SpA. We also held regular meetings with representatives of the same auditing firm, during which no significant issues emerged such to require inclusion in this report.
- > We monitored the financial reporting process, the adequacy of the Company's administrative and accounting system and the reliability of the latter in correctly representing the Company's affairs, as well as compliance with the principles of proper administration in carrying out business activities, and we have no particular remarks to make in this regard. We conducted the relative audits by obtaining information from the manager of the Company's Administration, Finance and Control Function (taking into account the responsibility for overseeing preparation of the Company's accounting documents that is covered by the same), examining company documents and analysing the results of the work performed by the auditing company Reconta Ernst & Young SpA. The Chief Executive Officer and the manager responsible for preparing Enel Green Power SpA's accounting documents have declared in a specific report, with reference to the 2015 financial statements: (i) that they are adequate in relation to the characteristics of the company and that, in preparing the financial statements, the appropriate administrative and accounting procedures have been applied; (ii) that the content of the financial statements complies with the applicable international accounting standards recognised in the European Union pursuant to EC Regulation no. 1606/2002; (iii) that the financial statements in question match the accounting ledgers and records and that they represent a true and fair view of the Company's equity, economic and financial position; (iv) that the report on operations accompanying the financial statements includes a reliable analysis of performance and of the results of operations, as well as of the Company's situation, together with a description of the principal risks and uncertainties to which it is exposed. The aforementioned report also indicates that the adequacy of the administrative and accounting procedures used for the preparation of the Company's financial statements was checked as part of an assessment of the internal controls over financial reporting and that said assessment did not identify any significant issues. An analogous statement was prepared for the 2015 consolidated financial statements. The assessment of the internal control system was supported also by the results of the so-called "independent monitoring".
- > We reviewed the adequacy and effectiveness of the internal control and risk management system through i) regular meetings with the manager of the Audit Function, ii) joint meetings with the Control and Risk Committee, iii) the sharing of documentation subject to audit in said meetings, and iv) the participation of the Chairman of the Board of Auditors in the meetings of the Control and Risk Committee. In light of the audits carried out, and in the absence of any significant issues, it is held that the system of internal control and risk management is adequate, effective and functional. It should be noted that the Company's Board of Directors, in November 2015, expressed an assenting opinion on this point and also acknowledged that the main risks related to the strategic objectives outlined in the 2016-2020 Strategic Plan are compatible with a corporate management strategy that is in line with these same objectives.
- > We confirm that during the year no allegations or complaints of facts deemed censurable pursuant to Article 2408 of the Italian Civil Code have been submitted to this Board of Auditors.
- > We monitored the procedures for the effective implementation of the Self-Regulatory Code, to which Enel Green Power

adhered during 2015 as a listed company, checking that its system of corporate governance is compliant with the recommendations expressed in said Code. Further information on the Company's corporate governance system can be found in the Report on Corporate Governance and Ownership Structure for the year 2015.

- > In accordance with application criterion 3.C.5 of the Self-Regulatory Code, in February 2016 the Board of Auditors verified that the Company's Board of Directors, in assessing the independence of its non-executive members, correctly applied the criteria recommended by the Self-Regulatory Code and also adopted and followed a transparent assessment procedure, the characteristics of which are described in the Report on Corporate Governance and Ownership Structure for the year 2015. As regards the "self-assessment" of the independence of its own members, in February 2016 the Board of Auditors verified that the relevant requirements were met.
- > We confirm that the above information on the remuneration accrued during 2015 for the respective positions held by the Chief Executive Officer/General Manager, other Directors and the Statutory Auditors is contained in the Remuneration Report for 2015, which was submitted for the approval of the Board of Directors at the proposal of the Nomination and Compensation Committee, and which will be published on Enel Green Power's website. Similar information is provided in the same document on an aggregate basis with regard to management personnel with strategic responsibilities. We confirm that the remuneration of the CEO/General Manager and managers with strategic responsibilities for the financial year 2015 is in line with international best practices, with the variable component being linked to the achievement of performance objectives, including those not of an economic nature, and to pursuing the creation of value for the Company's shareholders in the medium to long term. It is noted that the proposals to the Board of Directors regarding the remuneration and the determination of the relevant parameters have been developed by the Nomination and Compensation Committee, which is composed of independent directors.
- > We confirm that in June 2010 the Company adopted a special regulation which came into effect as of the date of commencement of trading on the MTA, i.e. from November 4, 2010, up until March 31, 2016, for the internal management and processing of confidential information (available on the company website www.enelgreenpower.com) as well as for the disclosure of company documents and information. This regulation was most recently amended in December 2012. The provisions contained in the regulation concerning the subsidiaries were sufficient to enable Enel Green Power to properly meet its market disclosure obligations pursuant to Article 114, paragraph 2, of the Consolidated Finance Act. The main contents of the regulation are described in the Report on Corporate Governance and Ownership Structure for the year 2015.
- > We confirm that in the months of March and May 2015, two directors resigned from their positions as directors of the Company. In light of the fact that the majority of the directors still in office comprised directors appointed by the Shareholders' Meeting held on April 24, 2013, the shareholders proceeded, in accordance with Article 2386, paragraph 1, of the Italian Civil Code, to replace the resigned directors during the meetings of April 2, 2015 and June 16, 2015. These resolutions were immediately submitted to the Board of Auditors, which – taking into account the professional experience of the candidates as well as their declaration that there is no legal impediment to or incompatibility in their holding office and that they meet the requirements provided by law – proceeded to approve them.
- > At the meeting of May 28, 2015, the Board of Auditors issued its positive opinion, in accordance with Article 2389, paragraph 3, of the Italian Civil Code, on the proposal received from the Company's Nomination and Compensation Committee in relation to the remuneration of the new Chairman of the Board of Directors. It should be remembered that the Chairman of the Board of Directors had been co-opted pursuant to Article 2386 of the Italian Civil Code during the Board meeting of December 17, 2014 and therefore, in accordance with said article, his term of office, which had expired, was renewed at the meeting on May 8, 2015.
- > We confirm that on December 1, 2008 the Company adopted a Code of Ethics (available on the company website www.enelgreenpower.com) – subsequently updated in light of regulatory and organizational changes, as well as to further align its content with international best practices – which expresses the Company's commitments and ethical responsibilities in the conduct of its business, regulating and moulding its behaviour so that it is in line with the principles of transparency and fairness for all stakeholders.
- > We confirm that with reference to the provisions of Italian Legislative Decree 231 of June 8, 2001 (hereinafter "Decree 231/01"), the Company has adopted an organizational and management model that is consistent with the guidelines established by the relative trade associations. This model came into effect on December 1, 2008 and has been subse-

quently updated in accordance with any new and applicable legislation issued thereafter. The model in question – conceived as a tool to be adopted by all of the Group’s Italian companies – consists of a “general part” and various “special parts” concerning the different types of offences identified by Italian Legislative Decree 231/2001 which the model intends to prevent. For a description of the main characteristics of this model and the manner of its adoption by the various Group companies, please refer to the Report on Corporate Governance and Ownership Structure for the year 2015. The Company has also taken steps to establish a Supervisory Board (SB) – responsible for supervising the operation of and compliance with the model and ensuring that it is updated – composed of three members: in 2015 it comprised the managers of the Audit and the Legal and Corporate Affairs Functions, and an external advisor with experience and specific expertise in the field so as to guarantee autonomy and independence, who assumed the role of Chairman of the SB. The Board of Auditors received adequate information on the main activities carried out by the SB during 2015 through dedicated meetings. An examination of these activities found no evidence of facts and/or situations worthy of note in this report.

- > We confirm that, with effect from December 1, 2008, the Board of Directors has adopted the “Zero Tolerance of Corruption” plan (available on the company website www.enelgreenpower.com), which supplements the Code of Ethics and the organizational and management model referred to in Italian Legislative Decree 231/01, thereby implementing the recommendations on corruption made by Transparency International.
- > The supervisory activities of the Board of Statutory Auditors in 2015 were carried out in twenty-one (21) meetings, of which fourteen (14) in conjunction with the Control and Risk Committee, as well as through participation in nineteen (19) meetings of the Board of Directors, thirteen (13) Related Parties Committee meetings and eleven (11) meetings of the Nomination and Compensation Committee of Enel Green Power SpA.

In the course of said supervisory activities and on the basis of information obtained by the external auditors Reconta Ernst & Young SpA, no evidence was found of any omissions and/or censurable facts and/or irregularities or any significant events that would warrant being reported to the Supervisory Authorities or mentioned in this report.

We have evaluated the Board of Directors’ proposed allocation of profits for the financial year 2015 and we have no remarks to make.

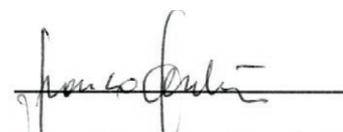
The Board of Auditors, as a result of the audits performed and based on the findings that have emerged through the exchange of data and information with the independent auditors Reconta Ernst & Young SpA, proposes that you approve the Company’s financial statements as at 31 December 2015 in accordance with that proposed by the Board of Directors.

Dear Shareholders,

with the Shareholders’ Meeting for which you have been called, the term of the Board of Directors expires and, therefore, we invite you to proceed with the renewal of the same.

Rome, April 12, 2016

The Board of Auditors



Prof. Franco Fontana - 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 2015

**Independent auditor's report
in accordance with articles 14 and 16 of Legislative Decree n. 39, dated January 27, 2010
(Translation from the original Italian text)**

To the Sole Shareholder of
Enel Green Power S.p.A.

Report on the financial statements

We have audited the accompanying financial statements of Enel Green Power S.p.A., which comprise the balance sheet as of December 31, 2015, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flow for the year then ended, a summary of significant accounting policies and the notes to the financial statements.

Directors' responsibility for the financial statements

The Directors of Enel Green Power S.p.A. are responsible for the preparation of these financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement art. 9 of Legislative Decree n. 38, dated February 28, 2005.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) implemented in accordance with article 11, paragraph 3 of Legislative Decree n. 39, dated January 27, 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Enel Green Power S.p.A. as of December 31, 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with article 9 of Legislative Decree n. 38, dated February 28, 2005.

Report on other legal and regulatory requirements

Opinion on the consistency of the Report on Operations and of specific information of the Report on Corporate Governance and Ownership Structure with the financial statements

We have performed the procedures required under audit standard SA Italia n. 720B in order to express an opinion, as required by law, on the consistency of the Report on Operations and of specific information of the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4 of Legislative Decree n. 58, dated February 24, 1998, with the financial statements. The Directors of Enel Green Power S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure in accordance with the applicable laws and regulations. In our opinion the Report on Operations and the specific information of 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, 2015.

Rome, April 12, 2016

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

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 ⁽³⁵⁾ for listed companies, 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.

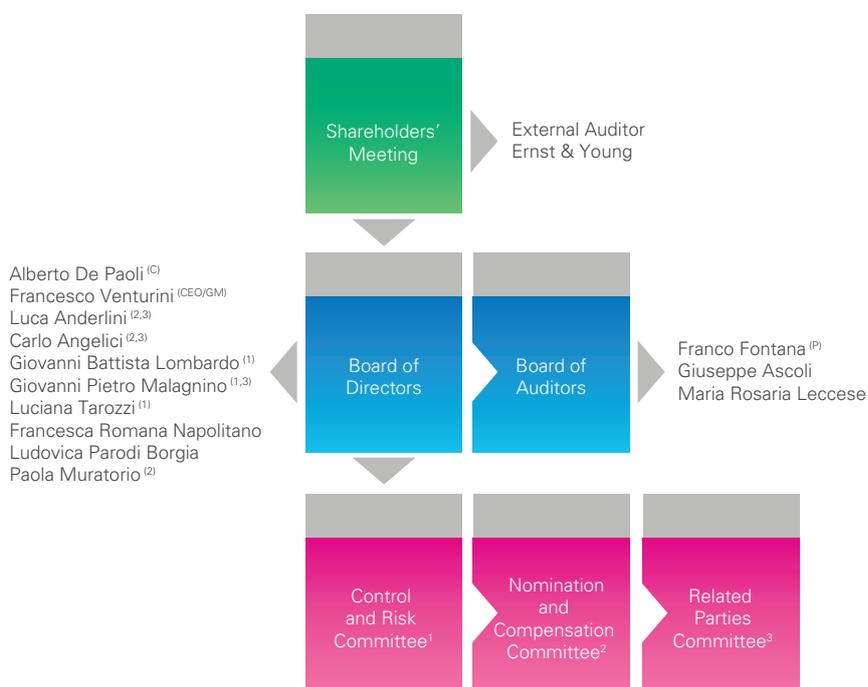
In compliance with the provision of Italian law governing companies with listed shares, the Company's organization is characterized by:

- > 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, in the "Governance" section).

(35) The various editions of the Code are available on the website of Borsa Italiana (<http://www.borsaitaliana.it>).



| Attachments





Subsidiaries, associates and other significant equity investments of the Enel Green Power Group at December 31, 2015

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, 2015, 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, as well as the consolidation method.

Parent Company	Registered office	Country	Share capital	Currency	Held by	Group % holding	% holding of ordinary shares	Consolidation method
Enel Green Power SpA	Rome	Italy	1,000,000,000	EUR	Enel SpA	68.29%	100.00%	Holding
Cataldo Jydro Power Associates LP	New York	USA	-	USD	Pyrites Hydro LLC	50.00%	51.00%	Line-by-line
					Hydro Development Group Acquisition LLC	50.00%		
3-101-665717 SA	San José	Costa Rica	10,000	CRC	PH Chucas SA	100.00%	62.48%	Line-by-line
3Sun Srl	Catania	Italy	35,205,984	EUR	Enel Green Power SpA	100.00%	100.00%	Line-by-line
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
Astronomy & Energy SpA	Santiago	Chile	5,000,000	CLP	Parque Eólico Renaico SpA	100.00%	99.91%	Line-by-line
Agassiz Beach LLC	Minneapolis	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	51.00%	30.60%	Line-by-line
Albany Solar LLC	Delaware	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	100.00%	99.91%	Line-by-line
Almussafes Servicios Energéticos SL	Valencia	Spain	3,010	EUR	Enel Green Power España SL	100.00%	60.00%	Line-by-line
Alvorada Energia SA	Rio de Janeiro	Brazil	17,117,416	BRL	Enel Green Power Brasil Participações Ltda	100.00%	100.00%	Line-by-line
Annandale Solar LLC	Delaware	USA	-	USD	Aurora Distributed Solar LLC	100.00%	100.00%	Line-by-line
Apicàs Energia SA	Rio de Janeiro	Brazil	21,216,846	BRL	Enel Green Power Brasil Participações Ltda	100.00%	100.00%	Line-by-line
Aquenergy Systems LLC	Greenville	USA	-	USD	EGP NA REP Hydro Holdings LLC	100.00%	51.00%	Line-by-line
Atwater Solar LLC	Delaware	USA	-	USD	Aurora Distributed Solar LLC	100.00%	100.00%	Line-by-line
Aurora Distributed Solar LLC	Wilmington	USA	-	USD	Enel Kansas LLC	100.00%	100.00%	Line-by-line
Aurora Land Holdings LLC	Delaware	USA	-	USD	Enel Kansas LLC	100.00%	100.00%	Line-by-line
Autumn Hills LLC	Delaware	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Blp Energy Private Limited	New Delhi	India	30,000,000	INR	Enel Green Power Development BV	68.00%	68.00%	Line-by-line
Blp Vayu (Project 1) Private Limited	Haryana	India	7,500,000	INR	Blp Energy Private Limited	100.00%	68.00%	Line-by-line
Blp Vayu (Project 2) Private Limited	Haryana	India	45,000,000	INR	Blp Energy Private Limited	100.00%	68.00%	Line-by-line
Blp Wind Project (Amberi) Private Ltd	New Delhi	India	5,000,000	INR	Blp Energy Private Limited	100.00%	68.00%	Line-by-line

Parent Company	Registered office	Country	Share capital	Currency	Held by	Group % holding	% holding of ordinary shares	Consolidation method
Barnet Hydro Company LLC	Burlington	USA	-	USD	Enel Green Power North America Inc. Sweetwater Hydroelectric LLC	100.00% 90.00%	100.00%	Line-by-line
Beaver Falls Water Power Company	Philadelphia	USA	-	USD	Beaver Valley Holdings LLC	67.50%	67.50%	Line-by-line
Beaver Valley Holdings LLC	Philadelphia	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Beaver Valley Power Company LLC	Philadelphia	USA	-	USD	EGP NA REP Hydro Holdings LLC	100.00%	51.00%	Line-by-line
Black River Hydro Assoc	New York	USA	-	USD	Cataldo Hydro Power Associates Inc. Enel Green Power North America Inc.	75.00% 25.00%	63.25%	Line-by-line
Boiro Energia SA	Boiro	Spain	601,010	EUR	Enel Green Power España SL	40.00%	24.00%	Equity
Boott Field LLC	Wilmington	USA	-	USD	EGP NA REP Hydro Holdings LLC	100.00%	51.00%	Line-by-line
Boott Hydropower LLC	Boston	USA	-	USD	EGP NA REP Hydro Holdings LLC	100.00%	51.00%	Line-by-line
Bp Hydro Associates	Boise	USA	-	USD	Enel Green Power North America Inc. Chi Idaho LLC	32.00% 68.00%	100.00%	Line-by-line
Bp Hydro Finance Partnership	Salt Lake City	USA	-	USD	Bp Hydro Associates Enel Green Power North America Inc.	75.92% 24.08%	100.00%	Line-by-line
Buffalo Dunes Wind Project LLC	Topeka	USA	-	USD	EGP NA 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 LLC	Boise	USA	-	USD	EGP NA REP Hydro Holdings LLC	100.00%	51.00%	Line-by-line
Bypass Power Company LLC	Los Angeles	USA	-	USD	Chi West LLC	100.00%	100.00%	Line-by-line
Canastota Wind Power LLC	Wilmington	USA	-	USD	Enel Green Power North America Inc.	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
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	Canada	-	CAD	Enel Alberta Wind Inc. Enel Green Power Canada Inc.	0.10% 99.90%	100.00%	Line-by-line
Central Hidráulica Gúejar-Sierra SL	Seville	Spain	364,210	EUR	Enel Green Power España SL	33.30%	19.98%	Equity
Cherokee Falls Hydroelectric Project LLC	Delaware	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Chi Black River LLC	Wilmington	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Chi Idaho LLC	Wilmington	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Chi Minnesota Wind LLC	Wilmington	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Chi Operations Inc.	Wilmington	USA	100	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Chi Power Inc.	Wilmington	USA	100	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Chi Power Marketing Inc.	Wilmington	USA	100	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Chi West LLC	Wilmington	USA	100	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Chisago Solar LLC	Delaware	USA	-	USD	Aurora Distributed Solar LLC	100.00%	100.00%	Line-by-line
Chisholm View Wind Project LLC	Oklahoma City	USA	-	USD	EGP NA REP Wind Holdings LLC	100.00%	51.00%	Line-by-line
Cogeneración El Salto SL - in liquidazione	Zaragoza	Spain	36,061	EUR	Enel Green Power España SL	20.00%	12.00%	-
Cogeneración Lipsa SL	Barcelona	Spain	720,000	EUR	Enel Green Power España SL	20.00%	12.00%	Equity

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Compañía Eólica Tierras Altas SA	Soria	Spain	13,222,000	EUR	Enel Green Power España SL	35.63%	21.38%	Equity
Coneross Power Corporation Inc.	Greenville	USA	110,000	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Consolidated Hydro New Hampshire LLC	Wilmington	USA	-	USD	EGP NA REP Hydro Holdings LLC	100.00%	51.00%	Line-by-line
Consolidated Hydro New York LLC	Wilmington	USA	-	USD	EGP NA REP Hydro Holdings LLC	100.00%	51.00%	Line-by-line
Consolidated Hydro Southeast LLC	Wilmington	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Consolidated Pumped Storage Inc.	Wilmington	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	50.00%	30.00%	Equity
Copenhagen Hydro LLC	New York	USA	-	USD	EGP NA REP Hydro Holdings LLC	100.00%	51.00%	Line-by-line
Corporación Eólica De Zaragoza SL	Zaragoza	Spain	1,021,600	EUR	Enel Green Power España SL	25.00%	15.00%	Equity
Crucero Oeste Cinco SpA	Santiago	Chile	1,000,000	CLP	Parque Eólico Renaico SpA	100.00%	99.91%	Line-by-line
Crucero Oeste Cuatro SpA	Santiago	Chile	1,000,000	CLP	Parque Eólico Renaico SpA	100.00%	99.91%	Line-by-line
Crucero Oeste Dos SpA	Santiago	Chile	1,000,000	CLP	Parque Eólico Renaico SpA	100.00%	99.91%	Line-by-line
Crucero Oeste Tres SpA	Santiago	Chile	1,000,000	CLP	Parque Eólico Renaico SpA	100.00%	99.91%	Line-by-line
Crucero Oeste Uno SpA	Santiago	Chile	1,000,000	CLP	Parque Eólico Renaico SpA	100.00%	99.91%	Line-by-line
Danax Energy (Pty) Ltd	Houghton	South Africa	100	ZAR	Enel Green Power RSA (Pty) Ltd	100.00%	100.00%	Line-by-line
De Rock'1 Srl	Bucharest	Romania	5,629,000	RON	Enel Green Power International BV Enel Green Power Romania Srl	0.00% 100.00%	100.00%	Line-by-line
Depuración Destilación Reciclaje SL	Boiro	Spain	600,000	EUR	Enel Green Power España SL	40.00%	24.00%	Equity
Desarrollo de Fuerzas Renovables S de RL de Cv	Mexico City	Mexico	13,564,350	MXN	Enel Green Power México S de RL de Cv Energía Nueva Energía Limpia México S de RL de Cv	99.99% 0.01%	100.00%	Line-by-line
Diego de Almagro Matriz SpA	Santiago	Chile	351,604,338	CLP	Empresa Eléctrica Panguipulli SA	100.00%	99.91%	Line-by-line
Dietrich Drop LLC	Delaware	USA	-	USD	EGP NA REP Hydro Holdings LLC	100.00%	51.00%	Line-by-line
Dodge Center Distributed Solar LLC	Delaware	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 Guatemala SA Enel Green Power México S de RL de Cv	0.04% 99.96%	100.00%	Line-by-line
Drift Sand Wind Project LLC	Delaware	USA	-	USD	Enel Kansas LLC	100.00%	100.00%	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 Salt Wells Solar LLC	Delaware	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
EGP Stillwater Solar LLC	Willmington	USA	-	USD	Enel Stillwater LLC	100.00%	51.00%	Line-by-line
EGP Stillwater Solar PV II LLC	Delaware	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
EGP Timber Hills Project LLC	Los Angeles	USA	-	USD	Padoma Wind Power LLC	100.00%	100.00%	Line-by-line
EGP NA Development Holdings LLC	Delaware	USA	-	USD	Enel Green Power North America Development LLC	100.00%	100.00%	Line-by-line

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EGP NA Hydro Holdings LLC	Delaware	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
EGP NA REP Holdings LLC	Delaware	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
EGP NA REP Hydro Holdings LLC	Delaware	USA	-	USD	EGP NA Renewable Energy Partners LLC	100.00%	51.00%	Line-by-line
EGP NA REP Solar Holdings LLC	Delaware	USA	-	USD	EGP NA Renewable Energy Partners LLC	100.00%	51.00%	Line-by-line
EGP NA REP Wind Holdings LLC	Delaware	USA	-	USD	EGP NA Renewable Energy Partners LLC	100.00%	51.00%	Line-by-line
EGP NA Renewable Energy Partners LLC	Delaware	USA	-	USD	EGP NA REP Holdings LLC	51.00%	51.00%	Line-by-line
EGP NA Wind Holdings 1 LLC	Delaware	USA	-	USD	EGP NA REP Wind Holdings LLC	100.00%	51.00%	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 Boa Vista Eólica SA	Niterói - Rio de Janeiro	Brazil	1,000,000	BRL	Enel Green Power Participações Ltda Enel Green Power Desenvolvimento Ltda	99.00% 1.00%	100.00%	Line-by-line
Enel Green Power Bom Jesus da Lapa Solar SA	Rio de Janeiro	Brazil	-	BRL	Enel Green Power Participações Ltda	100.00%	100.00%	Line-by-line
Enel Green Power Brasil Participações Ltda	Rio de Janeiro	Brazil	2,131,724,677	BRL	Enel Green Power International BV Enel Green Power Latin America Ltda	99.99% 0.01%	100.00%	Line-by-line
Enel Green Power Cabeça de Boi SA	Rio de Janeiro	Brazil	76,000,000	BRL	Enel Green Power Participações Ltda	100.00%	100.00%	Line-by-line
Enel Green Power Critalândia I Eólica SA	Rio de Janeiro	Brazil	1,000,000	BRL	Enel Green Power Participações Ltda	99.90%	99.90%	Line-by-line
Enel Green Power Critalândia II Eólica SA	Rio de Janeiro	Brazil	1,000,000	BRL	Enel Green Power Participações Ltda	99.90%	99.90%	Line-by-line
Enel Green Power Damascena Eólica SA	Rio de Janeiro	Brazil	70,000,000	BRL	Enel Green Power Participações Ltda Enel Green Power Desenvolvimento Ltda	99.00% 1.00%	100.00%	Line-by-line
Enel Green Power Delfina A Eólica SA	Rio de Janeiro	Brazil	70,379,345	BRL	Enel Green Power Participações Ltda	99.90%	99.90%	Line-by-line
Enel Green Power Delfina B Eólica SA	Rio de Janeiro	Brazil	23,054,973	BRL	Enel Green Power Participações Ltda	99.90%	99.90%	Line-by-line
Enel Green Power Delfina C Eólica SA	Rio de Janeiro	Brazil	7,298,323	BRL	Enel Green Power Participações Ltda	99.90%	99.90%	Line-by-line
Enel Green Power Delfina D Eólica SA	Rio de Janeiro	Brazil	24,624,369	BRL	Enel Green Power Participações Ltda	99.90%	99.90%	Line-by-line
Enel Green Power Delfina E Eólica SA	Rio de Janeiro	Brazil	24,623,468	BRL	Enel Green Power Participações Ltda	99.90%	99.90%	Line-by-line
Enel Green Power Dois Riachos Eólica SA	Rio de Janeiro	Brazil	135,000,000	BRL	Enel Green Power Participações Ltda	100.00%	100.00%	Line-by-line
Enel Green Power Emiliana Eólica SA	Rio de Janeiro	Brazil	177,500,000	BRL	Enel Green Power Participações Ltda Enel Green Power Desenvolvimento Ltda	99.00% 1.00%	100.00%	Line-by-line
Enel Green Power Esperança Eólica SA	Rio de Janeiro	Brazil	135,000,000	BRL	Enel Green Power Participações Ltda Enel Green Power Desenvolvimento Ltda	99.00% 1.00%	100.00%	Line-by-line

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Enel Green Power Horizonte Mp Solar SA	Rio de Janeiro	Brazil	-	BRL	Enel Green Power Brasil Participações Ltda	100.00%	100.00%	Line-by-line
Enel Green Power Ituverava Norte Solar SA	Rio de Janeiro	Brazil	1,639,347	BRL	Enel Green Power Brasil Participações Ltda	99.90%	99.90%	Line-by-line
Enel Green Power Ituverava Solar SA	Rio de Janeiro	Brazil	1,639,347	BRL	Enel Green Power Brasil Participações Ltda	99.90%	99.90%	Line-by-line
Enel Green Power Ituverava Sul Solar SA	Rio de Janeiro	Brazil	1,639,347	BRL	Enel Green Power Brasil Participações Ltda	99.90%	99.90%	Line-by-line
Enel Green Power Joana Eólica SA	Rio de Janeiro	Brazil	165,000,000	BRL	Enel Green Power Desenvolvimento Ltda Enel Green Power Brasil Participações Ltda	1.00% 99.00%	100.00%	Line-by-line
Enel Green Power Maniçoba Eólica SA	Rio de Janeiro	Brazil	70,000,000	BRL	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.00% 1.00%	100.00%	Line-by-line
Enel Green Power Modelo I Eólica Sa	Rio de Janeiro	Brazil	175,000,000	BRL	Enel Green Power Brasil Participações Ltda	99.00%	99.00%	Line-by-line
Enel Green Power Modelo II Eólica SA	Rio de Janeiro	Brazil	150,000,000	BRL	Enel Green Power Brasil Participações Ltda	99.00%	99.00%	Line-by-line
Enel Green Power Morro do Chapéu I Eólica SA	Niterói - Rio de Janeiro	Brazil	1,000,000	BRL	Enel Green Power Brasil Participações Ltda	99.00%	99.00%	Line-by-line
Enel Green Power Morro do Chapéu II Eólica SA	Niterói - Rio de Janeiro	Brazil	1,000,000	BRL	Enel Green Power Brasil Participações Ltda	99.00%	99.00%	Line-by-line
Enel Green Power Mourão SA	Rio de Janeiro	Brazil	8,513,129	BRL	Enel Green Power Brasil Participações Ltda	100%	68.22%	Line-by-line
Enel Green Power Nova Lapa Solar SA	Rio de Janeiro	Brazil	-	BRL	Enel Green Power Brasil Participações Ltda	100.00%	100.00%	Line-by-line
Enel Green Power Nova Olinda B Solar SA	Rio de Janeiro	Brazil	-	BRL	Enel Green Power Brasil Participações Ltda	100.00%	100.00%	Line-by-line
Enel Green Power Nova Olinda C Solar SA	Rio de Janeiro	Brazil	-	BRL	Enel Green Power Brasil Participações Ltda	100.00%	100.00%	Line-by-line
Enel Green Power Nova Olinda Norte Solar SA	Rio de Janeiro	Brazil	-	BRL	Enel Green Power Brasil Participações Ltda	100.00%	100.00%	Line-by-line
Enel Green Power Nova Olinda Sul Solar SA	Rio de Janeiro	Brazil	-	BRL	Enel Green Power Brasil Participações Ltda	100.00%	100.00%	Line-by-line
Enel Green Power Parapanema SA	Rio de Janeiro	Brazil	1,000	BRL	Enel Green Power Brasil Participações Ltda	100%	68.29%	Line-by-line
Enel Green Power Pau Ferro Eólica SA	Rio de Janeiro	Brazil	178,670,000	BRL	Enel Green Power Desenvolvimento Ltda Enel Green Power Brasil Participações Ltda	1.00% 99.00%	99.99%	Line-by-line
Enel Green Power Pedra do Gerônimo Eólica SA	Rio de Janeiro	Brazil	230,000,000	BRL	Enel Green Power Desenvolvimento Ltda Enel Green Power Brasil Participações Ltda	1.00% 99.00%	99.99%	Line-by-line
Enel Green Power Salto Apicás SA	Niterói - Rio de Janeiro	Brazil	14,412,120	BRL	Enel Green Power Desenvolvimento Ltda Enel Green Power Brasil Participações Ltda	1.00% 99.00%	100.00%	Line-by-line
Enel Green Power São Abraão Eólica SA	Niterói - Rio de Janeiro	Brazil	1,000,000	BRL	Enel Green Power Brasil Participações Ltda	99.00%	99.00%	Line-by-line
Enel Green Power Tacaicó Eólica SA	Rio de Janeiro	Brazil	125,765,000	BRL	Enel Green Power Desenvolvimento Ltda Enel Green Power Brasil Participações Ltda	1.00% 99.00%	99.99%	Line-by-line

Parent Company	Registered office	Country	Share capital	Currency	Held by	Group % holding	% holding of ordinary shares	Consolidation method
Enel Soluções Energéticas Ltda	Niterói - Rio de Janeiro	Brazil	5,000,000	BRL	Enel Green Power Desenvolvimento Ltda	0.01%	100.00%	Line-by-line
					Enel Green Power Brasil Participações Ltda	99.99%		
Eastwood Solar LLC	Delaware	USA	-	USD	Aurora Distributed Solar LLC	100.00%	100.00%	Line-by-line
EGP Geronimo Holding Company Inc.	Wilmington	USA	1,000	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
EGP Solar 1 LLC	Wilmington	USA	-	USD	EGP NA REP Solar Holdings LLC	100.00%	51.00%	Line-by-line
El Dorado Hydro LLC	Los Angeles	USA	-	USD	EGP NA REP Hydro Holdings LLC	100.00%	51.00%	Line-by-line
Elcomex Solar Energy Srl	Constanța	Romania	4,590,000	RON	Enel Green Power International BV	0.00%	100.00%	Line-by-line
					Enel Green Power Romania Srl	100.00%		
Elk Creek Hydro LLC	Delaware	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Empresa Eléctrica Panguipulli SA	Santiago	Chile	48,038,937	CLP	Enel Green Power Chile Ltda	99.99%	99.91%	Line-by-line
					Enel Green Power Latin America Ltda	0.01%		
Empresa Nacional de Geotermia SA	Santiago	Chile	12,647,752,517	CLP	Enel Green Power Chile Ltda	51.00%	50.95%	Line-by-line
Enel Alberta Wind Inc.	Calgary	Canada	16,251,021	CAD	Enel Green Power Canada Inc.	100.00%	100.00%	Line-by-line
Enel Atlantic Canada Limited Partnership	Newfoundland	Canada	-	CAD	Enel Green Power Canada Inc.	99.90%	100.00%	Line-by-line
					Newind Group Inc.	0.10%		
Enel Cove Fort II LLC	Wilmington	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Enel Cove Fort LLC	Wilmington	USA	-	USD	Enel Geothermal LLC	100.00%	51.00%	Line-by-line
Enel Fortuna SA	Panama	Panama	100,000,000	USD	Enel Green Power Panama SA	50.06%	50.06%	Line-by-line
Enel Green Power Newfoundland and Labrador Inc.	Newfoundland	Canada	1,000	CAD	EGP NA REP Wind Holdings LLC	100.00%	51.00%	Line-by-line
Enel Geothermal LLC	Wilmington	USA	-	USD	EGP NA Renewable Energy Partners LLC	100.00%	51.00%	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	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	Enel Green Power Latin America Ltda	99.99%	99.91%	Line-by-line
					Hydromac Energy BV	0.01%		
Enel Green Power Colombia	Bogotá	Colombia	300,000,000	COP	Enel Green Power International BV	100.00%	100.00%	Line-by-line
Enel Green Power Costa Rica	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	144,640,893	BRL	Enel Green Power Brasil Participações Ltda	99.00%	100.00%	Line-by-line
					Enel Green Power Desenvolvimento Ltda	1.00%		
Enel Green Power Desenvolvimento Ltda	Rio de Janeiro	Brazil	13,900,297	BRL	Enel Green Power Latin America Ltda	0.01%	100.00%	Line-by-line
					Enel Green Power Brasil Participações Ltda	99.99%		
Enel Green Power Development BV	Amsterdam	Netherlands	20,000	EUR	Enel Green Power International BV	100.00%	100.00%	Line-by-line
Enel Green Power Ecuador SA	Quito	Ecuador	26,000	USD	Enel Green Power Latin America Ltda	1.00%	100.00%	Line-by-line
					Enel Green Power International BV	99.00%		
Enel Green Power Egypt SAE	Cairo	Egypt	250,000	EGP	Enel Green Power International BV	100.00%	100.00%	Line-by-line

Parent Company	Registered office	Country	Share capital	Currency	Held by	Group % holding	% holding of ordinary shares	Consolidation method
Enel Green Power El Salvador SA de Cv	San Salvador	El Salvador	3,071,090	SVC	Enel Green Power Latin America Ltda Enel Green Power International BV	0.00% 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	62,000,000	BRL	Enel Green Power 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	65.00%	39.00%	Line-by-line
Enel Green Power Guatemala SA	Guatemala City	Guatemala	5,000	GTQ	Enel Green Power Latin America Ltda Enel Green Power International BV	2.00% 98.00%	100.00%	Line-by-line
Enel Green Power Hellas SA	Maroussi	Greece	7,737,850	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 Kenya Limited	Nairobi	Kenya	100,000	KES	Enel Green Power International BV Enel Green Power RSA (Pty) Ltd	99.00% 1.00%	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	99.90% 0.01%	99.91%	Line-by-line
Enel Green Power México S de RL de Cv	Mexico City	Mexico	2,399,774,165	MXN	Enel Green Power Latin America Ltda Enel Green Power International BV	0.01% 99.99%	100.00%	Line-by-line
Enel Green Power Namibia (Pty) Ltd	Windhoek	Namibia	100	NAD	Enel Green Power International BV	100.00%	100.00%	Line-by-line
Enel Green Power North America Development LLC	Wilmington	USA	-	USD	Enel Green Power International BV	100.00%	100.00%	Line-by-line
Enel Green Power North America Inc.	Wilmington	USA	50	USD	Enel Green Power International BV	100.00%	100.00%	Line-by-line
Enel Green Power Panama SA	Panama	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	Empresa Electrica Panguipulli SA Enel Green Power International BV	0.01% 99.90%	99.91%	Line-by-line
Enel Green Power Primavera Eolica SA	Rio de Janeiro	Brazil	144,640,893	BRL	Enel Green Power Desenvolvimento Ltda Enel Green Power Brasil Participações Ltda	1.00% 99.00%	100.00%	Line-by-line
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 RA SAE	Cairo	Egypt	15,000,000	EGP	Enel Green Power Egypt SAE	100.00%	100.00%	Line-by-line
Enel Green Power RSA (Pty) Ltd	Johannesburg	South Africa	1,000	ZAR	Enel Green Power Development BV	100.00%	100.00%	Line-by-line
Enel Green Power RSA 2 (Pty) Ltd	Johannesburg	South Africa	120	ZAR	Enel Green Power RSA (Pty) Ltd	100.00%	100.00%	Line-by-line
Enel Green Power Romania Srl	Sat Rusu de Sus Nusenii	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	144,640,893	BRL	Enel Green Power Brasil Participações Ltda Enel Green Power Desenvolvimento Ltda	99.00% 1.00%	100.00%	Line-by-line
Enel Green Power SHU SAE	Cairo	Egypt	15,000,000	EGP	Enel Green Power Egypt SAE	100.00%	100.00%	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 Tefnut SAE	Cairo	Egypt	15,000,000	EGP	Enel Green Power Egypt SAE	100.00%	100.00%	Line-by-line

Parent Company	Registered office	Country	Share capital	Currency	Held by	Group % holding	% holding of ordinary shares	Consolidation method
Enel Green Power Turkey Enerji Yatirimlari Anonim Şirketi	Istanbul	Turkey	61,654,658	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 Villorresi Srl	Rome	Italy	1,200,000	EUR	Enel Green Power SpA	51.00%	51.00%	Line-by-line
Enel Kansas LLC	Wilmington	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Enel Minnesota Holdings LLC	Minneapolis	USA	-	USD	EGP Geronimo Holding Company Inc.	100.00%	100.00%	Line-by-line
Enel Nevkan Inc.	Wilmington	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Enel Salt Wells LLC	Wilmington	USA	-	USD	Enel Green Power North America Inc.	100.00%	51.00%	Line-by-line
Enel Stillwater LLC	Wilmington	USA	-	USD	Enel Geothermal LLC	100.00%	51.00%	Line-by-line
Enel Surprise Valley LLC	Wilmington	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Enel Texkan Inc.	Wilmington	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 Brasil Participações Ltda Enel Green Power Latin America Ltda	99.99% 0.01%	100.00%	Line-by-line
Energia Eolica Srl	Rome	Italy	4,840,000	EUR	Enel Green Power SpA	100.00%	100.00%	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	100.00%	100.00%	Line-by-line
Energia Marina SpA	Santiago	Chile	2,404,240,000	CLP	Enel Green Power Chile Ltda	25.00%	24.98%	Equity
Energía Nueva Energía Limpia México S de RL de Cv	Mexico City	Mexico	5,339,650	MXN	Enel Green Power Guatemala SA Enel Green Power International BV	0.04% 99.96%	100.00%	Line-by-line
Energía Nueva de Iguu S de RL de CV	Mexico City	Mexico	41,582,307	MXN	Enel Green Power México S de RL de Cv Energía Nueva Energía Limpia México S de RL de Cv	99.90% 0.01%	99.91%	Line-by-line
Energías Especiales de Careon SA	La Coruña	Spain	270,450	EUR	Enel Green Power España SL	77.00%	46.20%	Line-by-line
Energías Especiales de Pena Armada SA	Madrid	Spain	963,300	EUR	Enel Green Power España SL	80.00%	48.00%	Line-by-line
Energías Especiales del Alto Ulla SA	Madrid	Spain	1,722,600	EUR	Enel Green Power España SL	100.00%	60.00%	Line-by-line
Energías Especiales del Bierzo SA	Torre del Bierzo	Spain	1,635,000	EUR	Enel Green Power España SL	50.00%	30.00%	Equity
Energías Renovables La Mata SAPI de CV	Mexico City	Mexico	656,615,400	MXN	Enel Green Power México Srl de Cv Energía Nueva de Iguu S de RL de Cv	99.99% 0.01%	100.00%	Line-by-line
Energética de Rosselló AIE	Barcelona	Spain	3,606,060	EUR	Enel Green Power España SL	27.00%	16.20%	Equity
Energía de la Loma SA	Jaén	Spain	4,450,000	EUR	Enel Green Power España SL	60.00%	36.00%	Line-by-line
Energía Limpia de Palo Alto S de RL de Cv	Mexico City	Mexico	613,953,610	MXN	Enel Green Power México S de RL de Cv Hidroelectricidad Del Pacífico S de RL de Cv	99.99% 0.01%	100.00%	Line-by-line
Energías Alternativas del Sur SL	Las Palmas de Gran Canaria	Spain	5,589,393	EUR	Enel Green Power España SL	53.77%	32.26%	Line-by-line

Parent Company	Registered office	Country	Share capital	Currency	Held by	Group % holding	% holding of ordinary shares	Consolidation method
Energías de Aragón II SL	Zaragoza	Spain	18,500,000	EUR	Enel Green Power España SL	100.00%	60.00%	Line-by-line
Energías de Graus SL	Barcelona	Spain	1,298,160	EUR	Enel Green Power España SL	66.67%	40.00%	Line-by-line
Energías de La Mancha SA	Villarta De San Juan (Ciudad Real)	Spain	279,500	EUR	Enel Green Power España SL	68.42%	41.05%	Line-by-line
Enerlasa SA - in liquidazione	Madrid	Spain	1,021,701	EUR	Enel Green Power España SL	45.00%	27.00%	-
Enerlive Srl	Rome	Italy	6,520,000	EUR	Maicor Wind Srl	100.00%	60.00%	Line-by-line
Erdwärme Oberland GmbH	Monaco	Germany	116,667	EUR	Enel Green Power International BV	78.57%	78.57%	Line-by-line
Essex Company LLC	Boston	USA	-	USD	EGP NA REP Hydro Holdings LLC	100.00%	51.00%	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	70.00%	42.00%	Line-by-line
Explotaciones Eólicas El Puerto SA	Teruel	Spain	3,230,000	EUR	Enel Green Power España SL	73.60%	44.16%	Line-by-line
Explotaciones Eólicas Saso Plano SA	Zaragoza	Spain	5,488,500	EUR	Enel Green Power España SL	65.00%	39.00%	Line-by-line
Explotaciones Eólicas Sierra Costera SA	Zaragoza	Spain	8,046,800	EUR	Enel Green Power España SL	90.00%	54.00%	Line-by-line
Explotaciones Eólicas Sierra La Virgen SA	Zaragoza	Spain	4,200,000	EUR	Enel Green Power España SL	90.00%	54.00%	Line-by-line
Eólica del Noroeste SL	La Coruña	Spain	36,100	EUR	Enel Green Power España SL	51.00%	30.60%	Line-by-line
Eólica del Principado SAU	Oviedo	Spain	90,000	EUR	Enel Green Power España SL	40.00%	24.00%	Equity
Eólica Valle del Ebro SA	Zaragoza	Spain	5,559,340	EUR	Enel Green Power España SL	50.50%	30.30%	Line-by-line
Eólica Zopiloapan SAPI de Cv	Mexico City	Mexico	1,877,201,540	MXN	Enel Green Power México S de RL de Cv Enel Green Power Partecipazioni Speciali Srl	56.98% 39.50%	96.48%	Line-by-line
Eólicas de Agaete SL	Las Palmas de Gran Canaria	Spain	240,400	EUR	Enel Green Power España SL	80.00%	48.00%	Line-by-line
Eólicas de Fuencaliente SA	Las Palmas de Gran Canaria	Spain	216,360	EUR	Enel Green Power España SL	55.00%	33.00%	Line-by-line
Eólicas de Fuerteventura AIE	Fuerteventura - Las Palmas	Spain	-	EUR	Enel Green Power España SL	40.00%	24.00%	Equity
Eólicas de La Patagonia SA	Buenos Aires	Argentina	480,930	ARS	Enel Green Power España SL	50.00%	30.00%	Equity
Eólicas de Lanzarote SL	Las Palmas de Gran Canaria	Spain	1,758,000	EUR	Enel Green Power España SL	40.00%	24.00%	Equity
Eólicas de Tenerife AIE	Santa Cruz de Tenerife	Spain	420,708	EUR	Enel Green Power España SL	50.00%	30.00%	Equity
Eólicas de Tirajana AIE	Las Palmas de Gran Canaria	Spain	-	EUR	Enel Green Power España SL	60.00%	36.00%	Line-by-line
Fiesta City Solar LLC	Delaware	USA	-	USD	Aurora Distributed Solar LLC	100.00%	100.00%	Line-by-line
Florence Hills LLC	Minneapolis	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Fowler Hydro LLC	Delaware	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Fuentes Renovables de Guatemala SA	Guatemala City	Guatemala	5,000	GTQ	Renovables de Guatemala SA Enel Green Power Guatemala SA	40.00% 60.00%	100.00%	Line-by-line
Fulcrum LLC	Boise	USA	-	USD	EGP NA REP Hydro Holdings LLC	100.00%	51.00%	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	1,145,400	RON	Enel Green Power International BV Enel Green Power Romania Srl	0.00% 100.00%	100.00%	Line-by-line

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Gauley Hydro LLC	Wilmington	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Gauley River Management Corporation	Willison	USA	1	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Gauley River Power Partners LLC	Willison	USA	-	USD	EGP NA REP Hydro Holdings LLC	100.00%	51.00%	Line-by-line
Generadora de Occidente Ltda	Guatemala City	Guatemala	16,261,697	GTQ	Enel Green Power Guatemala SA Enel Green Power International BV	1.00% 99.00%	100.00%	Line-by-line
Generadora Eólica Alto Pacora SA	Panama	Panama	10,000	USD	Enel Green Power Panama SA	100.00%	100.00%	Line-by-line
Generadora Estrella Solar SA	Panama	Panama	10,000	USD	Enel Green Power Panama SA	100.00%	100.00%	Line-by-line
Generadora Fotovoltaica Chiriquí SA	Panama	Panama	10,000	USD	Enel Green Power Panama SA	100.00%	100.00%	Line-by-line
Generadora Montecristo SA	Guatemala City	Guatemala	3,820,000	GTQ	Enel Green Power Guatemala SA Enel Green Power International BV	0.01% 99.99%	100.00%	Line-by-line
Generadora Solar Tolé, SA	Panama	Panama	10,000	USD	Enel Green Power Panama SA	100.00%	100.00%	Line-by-line
Geotérmica del Norte SA	Santiago	Chile	120,068,349,979	CLP	Enel Green Power Chile Ltda	68.31%	68.25%	Line-by-line
Goodwell Wind Project LLC	Wilmington	USA	-	USD	Origin Goodwell Holdings LLC	100.00%	51.00%	Line-by-line
Goodyear Lake Hydro LLC	Delaware	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Green Fuel Corporacion SA - in liquidazione	Madrid	Spain	1,717,050	EUR	Enel Green Power España SL	24.24%	14.54%	-
Hispano Generación de Energía Solar SL	Jerez de los Caballeros (Badajoz)	Spain	3,500	EUR	Enel Green Power España SL	51.00%	30.60%	Line-by-line
Hadley Ridge LLC	Minneapolis	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Hastings Solar LLC	Delaware	USA	-	USD	Aurora Distributed Solar LLC	100.00%	100.00%	Line-by-line
Helio Atacama Nueve SpA	Santiago	Chile	1,000,000	CLP	Enel Green Power Chile Ltda	100.00%	99.91%	Line-by-line
Hidroelectricidad del Pacifico 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 Oroul SL	Lugo	Spain	1,608,200	EUR	Enel Green Power España SL	30.00%	18.00%	Equity
Hidroeléctrica DonRafael SA	San José	Costa Rica	10,000	CRC	Enel Green Power Costa Rica SA	65.00%	65.00%	Line-by-line
High Shoals LLC	Delaware	USA	-	USD	EGP NA REP Hydro Holdings LLC	100.00%	51.00%	Line-by-line
Highfalls Hydro Company Inc.	Wilmington	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Hope Creek LLC	Minneapolis	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Hydro Development Group Acquisition LLC	Albany	USA	-	USD	EGP NA REP Hydro Holdings LLC	100.00%	51.00%	Line-by-line
Hydro Energies Corporation	Willison	USA	5,000	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
Isamu Ikeda Energia SA	Rio de Janeiro	Brazil	61,474,476	BRL	Enel Green Power 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	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Jessica Mills LLC	Minneapolis	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Julia Hills LLC	Minneapolis	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line

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Kavacik Eoliko Enerji Elektrik Üretim Ve Ticaret Anonim Şirketi	Istanbul	Turkey	9,000,000	TRY	Enel Green Power Turkey Enerji Yatirimlari Anonim Şirketi	100.00%	100.00%	Line-by-line
Kirkclareli Eoliko Enerji Elektrik Üretim Ve Ticaret Anonim Şirketi	Istanbul	Turkey	5,250,000	TRY	Enel Green Power Turkey Enerji Yatirimlari Anonim Şirketi	100.00%	100.00%	Line-by-line
Kongul Enerji Sanayi Ve Ticaret Anonim Şirketi	Istanbul	Turkey	125,000,000	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
Kelley's Falls LLC	Delaware	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Kings River Hydro Company Inc.	Wilmington	USA	100	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Kinneytown Hydro Company Inc.	Wilmington	USA	100	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
LaChute Hydro Company LLC	Wilmington	USA	-	USD	EGP NA REP Hydro Holdings LLC	100.00%	51.00%	Line-by-line
Lake Emily Solar LLC	Delaware	USA	-	USD	Aurora Distributed Solar LLC	100.00%	100.00%	Line-by-line
Lake Pulaski Solar LLC	Delaware	USA	-	USD	Aurora Distributed Solar LLC	100.00%	100.00%	Line-by-line
Lawrence Creek Solar LLC	Minnesota	USA	-	USD	Aurora Distributed Solar LLC	100.00%	100.00%	Line-by-line
Lester Prairie Solar LLC	Delaware	USA	-	USD	Aurora Distributed Solar LLC	100.00%	100.00%	Line-by-line
Lindahl Wind Project LLC	Delaware	USA	-	USD	Enel Kansas LLC	100.00%	100.00%	Line-by-line
Little Elk Wind Holdings LLC	Delaware	USA	-	USD	Enel Kansas 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	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Llano Sánchez Solar Power One SA	Panama	Panama	10,000	USD	Enel Green Power Panama SA	100.00%	100.00%	Line-by-line
Llano Sánchez Solar Power Cuatro SA	Panama	Panama	10,000	USD	Enel Green Power Panama SA	100.00%	100.00%	Line-by-line
Llano Sánchez Solar Power Tres SA	Panama	Panama	10,000	USD	Enel Green Power Panama SA	100.00%	100.00%	Line-by-line
Lower Saranac Hydro Partners LLC	Delaware	USA	-	USD	EGP NA REP Hydro Holdings LLC	100.00%	51.00%	Line-by-line
Lower Saranac Hydro LLC	Delaware	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Lower Valley LLC	Delaware	USA	-	USD	EGP NA REP Hydro Holdings LLC	100.00%	51.00%	Line-by-line
Lowline Rapids LLC	Delaware	USA	-	USD	EGP NA REP Hydro Holdings LLC	100.00%	51.00%	Line-by-line
Maicor Wind Srl	Rome	Italy	20,850,000	EUR	Enel Green Power SpA	60.00%	60.00%	Line-by-line
Marte Srl	Rome	Italy	5,100,000	EUR	Enel Green Power SpA Enel Green Power Solar Energy Srl	98.00% 2.00%	100.00%	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	USA	-	USD	Padoma Wind Power LLC	100.00%	100.00%	Line-by-line
Matrigenix (Pty) Ltd	Houghton	South Africa	1,000	ZAR	Enel Green Power RSA (Pty) Ltd	100.00%	100.00%	Line-by-line
Metro Wind LLC	Minneapolis	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line

Parent Company	Registered office	Country	Share capital	Currency	Held by	Group % holding	% holding of ordinary shares	Consolidation method
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
Mill Shoals Hydro Company ILLC	Wilmington	USA	-	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	36.50%	21.90%	Equity
Mira Energy (Pty) Ltd	Houghton	South Africa	100	ZAR	Enel Green Power RSA (Pty) Ltd	100.00%	100.00%	Line-by-line
Missisquoi Associates LLC	Los Angeles	USA	-	USD	EGP NA REP Hydro Holdings LLC	100.00%	51.00%	Line-by-line
Montrose Solar LLC	Delaware	USA	-	USD	Aurora Distributed Solar 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	USA	-	USD	Enel Nevkan Inc.	100.00%	100.00%	Line-by-line
Newbury Hydro Company LLC	Delaware	USA	-	USD	EGP NA REP Hydro Holdings LLC	100.00%	51.00%	Line-by-line
Newwind Group Inc.	St. John (Newfoundland)	Canada	578,192	CAD	Enel Green Power Canada Inc.	100.00%	100.00%	Line-by-line
Northwest Hydro LLC	Wilmington	USA	-	USD	Chi West LLC	100.00%	100.00%	Line-by-line
Notch Butte Hydro Company Inc.	Wilmington	USA	100	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Ovacik Eoliko Enerji Elektrik Üretim Ve Ticaret Anonim Şirketi	Istanbul	Turkey	11,250,000	TRY	Enel Green Power Turkey Enerji Yatirimlari Anonim Şirketi	100.00%	100.00%	Line-by-line
Odell Sponsorco LLC	Delaware	USA	-	USD	Enel Kansas LLC	50.00%	50.00%	Equity
Origin Goodwell Holdings LLC	Wilmington	USA	-	USD	EGP NA Wind Holdings 1 LLC	100.00%	51.00%	Line-by-line
Origin Wind Energy LLC	Wilmington	USA	-	USD	Origin Goodwell Holdings LLC	100.00%	51.00%	Line-by-line
Osage Wind Holdings LLC	Delaware	USA	-	USD	Enel Kansas LLC	100.00%	100.00%	Line-by-line
Osage Wind LLC	Delaware	USA	-	USD	Osage Wind Holdings LLC	50.00%	50.00%	Line-by-line
Ottauquechee Hydro Company Inc.	Wilmington	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	33.33%	20.00%	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
PE Cote SA	San José	Costa Rica	10,000	CRC	Enel Green Power Costa Rica SA	65.00%	65.00%	Line-by-line
PV Huacas SA	San José	Costa Rica	10,000	CRC	Enel Green Power Costa Rica SA	65.00%	65.00%	Line-by-line
PH Chucas SA	San José	Costa Rica	100,000	CRC	Enel Green Power SpA Enel Green Power Costa Rica SA	22.17% 40.31%	62.48%	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	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Palo Alto Farms Wind Project LLC	Dallas	USA	-	USD	Enel Kansas LLC	100.00%	100.00%	Line-by-line
Pampa Solar Norte Cuatro SpA	Santiago	Chile	1,000,000	CLP	Helio Atacama Nueve SpA	100.00%	99.91%	Line-by-line
Pampa Solar Norte Dos SpA	Santiago	Chile	1,000,000	CLP	Helio Atacama Nueve SpA	100.00%	99.91%	Line-by-line
Pampa Solar Norte Uno SpA	Santiago	Chile	1,000,000	CLP	Helio Atacama Nueve SpA	100.00%	99.91%	Line-by-line
Papeleira Portuguesa SA	São Paio de Oleiros	Portugal	916,229	EUR	Enel Green Power España SL	2.62%	1.57%	Equity

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Paravento SL	Lugo	Spain	3,006	EUR	Enel Green Power España SL	90.00%	54.00%	Line-by-line
Parc Eolic Els Aligars SL	Barcelona	Spain	1,313,100	EUR	Enel Green Power España SL	30.00%	18.00%	Equity
Parc Eolic La Tossa-La Mola D'en Pascual SL	Barcelona	Spain	1,183,100	EUR	Enel Green Power España SL	30.00%	18.00%	Equity
Parque Eólico de Belmonte SA	Madrid	Spain	120,400	EUR	Enel Green Power España SL	50.16%	30.10%	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	0.01% 99.99%	99.91%	Line-by-line
Parque Eólico A Capelada AIE	Santiago de Compostela	Spain	5,857,586	EUR	Enel Green Power España SL	100.00%	60.00%	Line-by-line
Parque Eólico Carretera de Arinaga SA	Las Palmas de Gran Canaria	Spain	1,603,000	EUR	Enel Green Power España SL	80.00%	48.00%	Line-by-line
Parque Eólico de Aragón AIE	Zaragoza	Spain	601,000	EUR	Enel Green Power España SL	80.00%	48.00%	Line-by-line
Parque Eólico de Barbanza SA	La Coruña	Spain	3,606,000	EUR	Enel Green Power España SL	75.00%	45.00%	Line-by-line
Parque Eólico de San Andrés SA	La Coruña	Spain	552,920	EUR	Enel Green Power España SL	82.00%	49.20%	Line-by-line
Parque Eólico de Santa Lucía SA	Las Palmas de Gran Canaria	Spain	901,500	EUR	Enel Green Power España SL	65.67%	39.40%	Line-by-line
Parque Eólico Finca de Mogán SA	Las Palmas de Gran Canaria	Spain	3,810,340	EUR	Enel Green Power España SL	90.00%	54.00%	Line-by-line
Parque Eólico Montes de las Navas SA	Madrid	Spain	6,540,000	EUR	Enel Green Power España SL	75.50%	45.30%	Line-by-line
Parque Eólico Punta de Teno SA	Tenerife	Spain	528,880	EUR	Enel Green Power España SL	52.00%	31.20%	Line-by-line
Parque Eólico Renaico SpA	Santiago	Chile	1,000,000	CLP	Enel Green Power Chile Ltda	100.00%	99.91%	Line-by-line
Parque Eólico Sierra del Madero SA	Soria	Spain	7,193,970	EUR	Enel Green Power España SL	58.00%	34.80%	Line-by-line
Parque Eólico Valle de los Vientos SA	Santiago	Chile	566,096,564	CLP	Enel Green Power Latin America Ltda Enel Green Power Chile Ltda	0.01% 99.99%	99.91%	Line-by-line
Parque Solar Carrera Pinto SA	Santiago	Chile	10,000,000	CLP	Enel Green Power Chile Ltda	99.00%	98.91%	Line-by-line
Parque Talinay Oriente SA	Santiago	Chile	66,092,165,171	CLP	Enel Green Power SpA Enel Green Power Chile Ltda	34.57% 60.92%	95.43%	Line-by-line
Paynesville Solar LLC	Delaware	USA	-	USD	Aurora Distributed Solar LLC	100.00%	100.00%	Line-by-line
Pelzer Hydro Company LLC	Wilmington	USA	-	USD	EGP NA REP Hydro Holdings LLC	100.00%	51.00%	Line-by-line
Pine Island Distributed Solar LLC	Delaware	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	56.12%	33.67%	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	100.00%	50.00%	Equity
PowerCrop Russi Srl	Bologna	Italy	100,000	EUR	PowerCrop Srl	100.00%	50.00%	Equity
Prairie Rose Transmission LLC	Minneapolis	USA	-	USD	Prairie Rose Wind LLC	100.00%	51.00%	Line-by-line
Prairie Rose Wind LLC	New York	USA	-	USD	EGP NA REP Wind Holdings LLC	100.00%	51.00%	Line-by-line
Primavera Energia SA	Rio de Janeiro	Brazil	36,965,445	BRL	Enel Green Power 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	85.00%	51.00%	Line-by-line

Parent Company	Registered office	Country	Share capital	Currency	Held by	Group % holding	% holding of ordinary shares	Consolidation method
Productora Regional de Energía Renovable III SA	Valladolid	Spain	88,398	EUR	Enel Green Power España SL	82.89%	49.73%	Line-by-line
Productora de Energías SA	Barcelona	Spain	30,050	EUR	Enel Green Power España SL	30.00%	18.00%	Equity
Promociones Energéticas del Bierzo SL	Ponferrada	Spain	12,020	EUR	Enel Green Power España SL	100.00%	60.00%	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	Costa Rica	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	33.33%	20.00%	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 Hydro LLC	New York	USA	-	USD	EGP NA REP Hydro Holdings LLC	100.00%	51.00%	Line-by-line
Quatiara Energia SA	Rio de Janeiro	Brazil	16,566,511	BRL	Enel Green Power Brasil Participações Ltda	100.00%	100.00%	Line-by-line
Rattlesnake Creek Wind Project LLC	Nebraska	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 Guatemala SA	0.01%	100.00%	Line-by-line
					Enel Green Power SpA	57.16%		
					Enel Green Power International BV	42.83%		
Rock Creek Hydro LLC	Delaware	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Rock Creek Wind Project LLC	Clayton	USA	-	USD	Enel Kansas LLC	100.00%	100.00%	Line-by-line
Rocky Caney Wind LLC	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
Ruthon Ridge LLC	Minneapolis	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Salmon Falls Hydro LLC	Delaware	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Salto de San Rafael SL	Seville	Spain	461,410	EUR	Enel Green Power España SL	50.00%	30.00%	Equity
San Juan Mesa Wind Project II LLC	Wilmington	USA	-	USD	Padoma Wind Power LLC	100.00%	100.00%	Line-by-line
Santo Rostro Cogeneración SA - in liquidazione	Seville	Spain	207,000	EUR	Enel Green Power España SL	45.00%	27.00%	-
Scandia Solar LLC	Delaware	USA	-	USD	Aurora Distributed Solar LLC	100.00%	100.00%	Line-by-line
Se Hazelton A.LLC	Los Angeles	USA	-	USD	EGP NA REP Hydro Holdings LLC	100.00%	51.00%	Line-by-line
Serra do Moncoso Cambas SL	La Coruña	Spain	3,125	EUR	Enel Green Power España SL	100.00%	60.00%	Line-by-line
Servicio de Operación y Mantenimiento para Energías Renovables S de RL de Cv	Mexico City	Mexico	3,000	MXN	Energía Nueva Energía Limpia México S de RL de Cv	0.01%	0.02%	Line-by-line
					Enel Green Power Guatemala SA	0.01%		
Sistema Eléctrico de Conexión Montes Orientales SL	Granada	Spain	44,900	EUR	Enel Green Power España SL	16.70%	10.02%	Equity
Sistema Eléctrico de Conexión Valcaire SL	Madrid	Spain	175,200	EUR	Enel Green Power España SL	28.13%	16.88%	Equity

Parent Company	Registered office	Country	Share capital	Currency	Held by	Group % holding	% holding of ordinary shares	Consolidation method
Sistemas Energéticos Mañón Ortigueira SA	La Coruña	Spain	2,007,750	EUR	Enel Green Power España SL	96.00%	57.60%	Line-by-line
Slate Creek Associates LP	Los Angeles	USA	-	USD	Slate Creek Hydro Company LLC	95.00%	48.45%	Line-by-line
Slate Creek Company LLC	Wilmington	USA	-	USD	EGP NA REP Hydro Holdings LLC	100.00%	51.00%	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	USA	-	USD	Texkan Wind LLC	100.00%	100.00%	Line-by-line
Socibe Energia SA	Rio de Janeiro	Brazil	19,969,032	BRL	Enel Green Power 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	64.74%	38.84%	Line-by-line
Sociedad Eólica El Puntal SL	Seville	Spain	1,643,000	EUR	Enel Green Power España SL	50.00%	30.00%	Equity
Sociedad Eólica Los Lances SA	Cadiz	Spain	2,404,048	EUR	Enel Green Power España SL	60.00%	36.00%	Line-by-line
Sol Real Istmo SA	Panama	Panama	10,000	USD	Enel Green Power Panama SA	100.00%	100.00%	Line-by-line
Sol Real Uno SA	Panama	Panama	10,000	USD	Enel Green Power Panama SA	100.00%	100.00%	Line-by-line
Soliloquoy Ridge LLC	Minneapolis	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Somersworth Hydro Company Inc.	Wilmington	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	36.00%	21.60%	Equity
Southwest Transmission LLC	Minneapolis	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Spartan Hills LLC	Minneapolis	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 Partecipazioni Speciali Srl Enel Green Power México S de RL de Cv	40.16% 55.21%	95.37%	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	USA	2,050,000	USD	Enel Green Power North America Inc.	75.00%	75.00%	Line-by-line
Sun River LLC	Minneapolis	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Sweetwater Hydroelectric LLC	Concord	USA	-	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
Tobivox (Rf) Pty Ltd	Houghton	South Africa	10,000,000	ZAR	Enel Green Power RSA (Pty) Ltd	60.00%	60.00%	Line-by-line
Taranto Solar Srl	Rome	Italy	100,000	EUR	Enel Green Power SpA	100.00%	100.00%	Line-by-line
Tecnoguat SA	Guatemala City	Guatemala	30,948,000	GTQ	Enel Green Power International BV	75.00%	75.00%	Line-by-line
Termotec Energía AIE - in liquidazione	Valencia	Spain	481,000	EUR	Enel Green Power España SL	45.00%	27.00%	-
Texkan Wind LLC	Wilmington	USA	-	USD	Enel Texkan Inc.	100.00%	100.00%	Line-by-line
Tko Power LLC	Los Angeles	USA	-	USD	EGP NA REP Hydro Holdings LLC	100.00%	51.00%	Line-by-line
Toledo Pv AEIE	Madrid	Spain	26,890	EUR	Enel Green Power España SL	33.33%	20.00%	Equity
Tradewind Energy Inc.	Wilmington	USA	200,000	USD	Enel Kansas LLC	19.90%	19.90%	Equity
Transmisora de Energia Renovable SA	Guatemala City	Guatemala	233,561,800	GTQ	Enel Green Power Guatemala SA Enel Green Power International BV	0.00% 100.00%	100.00%	Line-by-line

Parent Company	Registered office	Country	Share capital	Currency	Held by	Group % holding	% holding of ordinary shares	Consolidation method
Triton Power Company	New York	USA	-	USD	Highfalls Hydro Company Inc. Enel Green Power North America Inc.	98.00% 2.00%	100.00%	Line-by-line
Tsar Nicholas LLC	Minneapolis	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Twin Falls Hydro Associates	Seattle	USA	-	USD	Twin Falls Hydro Company LLC	99.51%	50.75%	Line-by-line
Twin Falls Hydro Company LLC	Wilmington	USA	-	USD	EGP NA REP Hydro Holdings LLC	100.00%	51.00%	Line-by-line
Twin Lake Hills LLC	Minneapolis	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Twin Saranac Holdings LLC	Wilmington	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Ufeyys SL - in liquidazione	Aranjuez	Spain	304,150	EUR	Enel Green Power España SL	40.00%	24.00%	-
Ukuqala Solar (Pty) Ltd	Johannesburg	South Africa	1,000	ZAR	Enel Green Power RSA (Pty) Ltd	100.00%	100.00%	Line-by-line
Ultor Srl	Rome	Italy	5,100,000	EUR	Marte Srl	50.00%	50.00%	Equity
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
Vientos del Altiplano S de RL de Cv	Mexico City	Mexico	813,702,087	MXN	Enel Green Power México S de RL de Cv Hidroelectricidad del Pacifico S de RL de Cv	99.99% 0.01%	100.00%	Line-by-line
Viruleiros SL	Santiago de Compostela	Spain	160,000	EUR	Enel Green Power España SL	67.00%	40.20%	Equity
Wind Parks Anatólis - Prinia SA	Maroussi	Greece	1,158,188	EUR	Enel Green Power Hellas SA	100.00%	100.00%	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
WP Bulgaria 9 EOOD	Sofia	Bulgaria	5,000	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%	Line-by-line
Walden LLC	Delaware	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
Waseca Solar LLC	Delaware	USA	-	USD	Aurora Distributed Solar LLC	100.00%	100.00%	Line-by-line
West Faribault Solar LLC	Delaware	USA	-	USD	Aurora Distributed Solar LLC	100.00%	100.00%	Line-by-line
West Hopkinton Hydro LLC	Delaware	USA	-	USD	Enel Green Power North America Inc.	100.00%	100.00%	Line-by-line
West Waconia Solar LLC	Delaware	USA	-	USD	Aurora Distributed Solar LLC	100.00%	100.00%	Line-by-line

Parent Company	Registered office	Country	Share capital	Currency	Held by	Group % holding	% holding of ordinary shares	Consolidation method
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 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 Petalo SA	Maroussi	Greece	575,000	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 Katharas SA	Maroussi	Greece	538,648	EUR	Enel Green Power Hellas SA	100.00%	100.00%	Line-by-line
Wind Parks of Kerasias SA	Maroussi	Greece	475,990	EUR	Enel Green Power Hellas SA	100.00%	100.00%	Line-by-line
Wind Parks of Milias SA	Maroussi	Greece	614,774	EUR	Enel Green Power Hellas SA	100.00%	100.00%	Line-by-line
Wind Parks of Mitikas SA	Maroussi	Greece	442,639	EUR	Enel Green Power Hellas SA	100.00%	100.00%	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	425,467	EUR	Enel Green Power Hellas SA	100.00%	100.00%	Line-by-line
Wind Parks of Spilias SA	Maroussi	Greece	547,490	EUR	Enel Green Power Hellas SA	100.00%	100.00%	Line-by-line
Winter's Spawn LLC	Minneapolis	USA	-	USD	Chi Minnesota Wind LLC	51.00%	51.00%	Line-by-line
Yedesa-Cogeneración SA - in liquidazione	Almeria	Spain	234,000	EUR	Enel Green Power España SL	40.00%	24.00%	-

Concept design
Newton21

Publishing service
Aleteia Communication - Rome

Photo
Enel Archive
Alessandro Cosmelli, Fabio Sartori

Copy editing
postScriptum - Rome

Edited by
Communications Italy

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the convenience of international readers.

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



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